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2019 SPD BANK Corporate Social Responsibility Report

2019

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Over 150 volunteers from the head office and subsidiaries gathered in the SPD Bank's 13th Volunteers' Day at Bund 12 in Shanghai

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Photograph: *The Dance of Sakura* by Gu Weiqi, Suzhou Branch

NOTES TO THE REPORT

–Report period	From January 1 to December 31, 2019, with reference to contents and data from previous years as needed, and the report period of this year is extended to March 2020.	
–Latest release	April 2019	
–Report cycle	Annual	
–Publication history	SPD Bank published the first CSR report in China’s banking industry in 2006 and has published CSR report for 15 consecutive years.	
–Basis of preparation	<p>International Organization for Standardization (ISO) <i>ISO26000: Guidelines for Social Responsibility (2010)</i></p> <p>Global Reporting Initiative (GRI) <i>GRI Sustainable Development Reporting Standards</i></p> <p>The former China Banking Regulatory Commission’s <i>Opinions on Strengthening the Social Responsibility of Banking Financial Institutions</i></p> <p>China Banking Association’s <i>Guidelines on Corporate Social Responsibility of Chinese Banking Financial Institutions</i></p> <p>Shanghai Stock Exchange’s <i>Guidelines on Environmental Information Disclosure of Listed Companies in Shanghai Stock Exchange</i></p>	
–Report coverage	<p>This report focuses primarily on Shanghai Pudong Development Bank Co., Ltd. (hereinafter referred as “SPD Bank”, “the Bank” or “we”), covering the head office, branches inside Mainland China, Hong Kong Branch, Singapore Branch and London Branch. Some of the contents involve legal persons such as SPDB International Holdings Limited, Shanghai International Trust Co., Ltd., SPDB Financial Leasing Co., Ltd., AXA SPDB Investment Managers Co., Ltd., China International Fund Management Co., Ltd., Tullett Prebon SITICO (China) Ltd., SPD Rural Banks and SPD Silicon Valley Bank Co., Ltd, all of which are affiliated to SPD Bank Group.</p> <p>Statistical criteria for some data may deviate from the above mentioned scope. Please refer to the notes and explanations in the appendix of this report for details.</p>	
–Data source	The data are derived from internal documents, reports and relevant statistical data.	
–Report assurance	In order to ensure the authenticity and reliability of the report, KPMG Huazhen Certified Public Accountants (Special General Partnership) was employed to perform a limited assurance engagement for selected key data disclosed in the report and to issue an independent assurance report in accordance with <i>International Standard on Assurance Engagements 3000: Assurance Engagement Other Than Audits or Reviews of Historical Financial Information</i>	
–Release forms	<p>The report will be published in both print and online formats, and e-books will be released simultaneously at SPD Bank’s official website and WeChat account “Meet SPD Bank” to further diversify information disclosure methods and practice eco-friendly publication.</p> <p>Online report and e-book are available at: http://www.spdb.com.cn</p>	 <p>Scan QR code to read</p>
–Extended reading	<p>Scan the QR code for more information and videos on topics in relevant chapters.</p> <p>Targeted Poverty Alleviation: Pioneers in Poverty Alleviation</p> <p>Serving Real Economy: Focus on Yangtze River Delta; Free Trade Zone</p> <p>Digital Innovation: SPDB as a Pacesetter</p> <p>Fighting the COVID-19 Epidemic: Fight against the epidemic together</p> <p>Public Welfare: Dream Chasing Fireflies Initiative; Eyes on the World</p> <p>Staff: SPDB Staffs</p>	 <p>Meet SPD Bank</p>
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A WORD FROM THE CHAIRMAN

In 2019, the world economic growth continued to slow down while the sources of global turmoil and risks increased significantly. In the meantime, China, in a critical moment in its development mode transformation, economic structure optimization and growth engine shifting, was faced with increased downward pressure in economy. Despite of the complex international and domestic situations, SPD Bank thoroughly implemented the decisions, arrangements and regulatory requirements of the CPC Central Committee and the State Council, studied and implemented the spirit of General Secretary Xi Jinping's important speech during his visit to Shanghai, and further improved the quality and efficiency of serving the real economy by deepening the structural reform on the financial supply side. We adopted a customer demand-oriented approach, strengthened the reform and innovation, and built up our customer service capabilities. We strengthened risk and compliance management and strengthened our role in risk prevention. We promoted digital innovation and transformation and improved the high-quality development level across the group.

We remained true to our original aspirations by focusing on our principal business. SPD Bank adhered to the original intention of providing financial services to the real economy and actively served major national strategies such as Beijing-Tianjin-Hebei Collaborative Development, Yangtze River Delta Integration and the construction of Guangdong-Hong Kong-Macao Greater Bay Area. We actively participated in "the Belt and Road Initiative" cooperation, strengthened financial innovations such as free trade zones and cross-border finance, and promoted new development in opening up. We played an active role in the building of "Five Centers" and "Four Brands" in Shanghai and the strategic implementation of "Three Main Tasks and One Platform".

We continued to strengthen inclusive financial services, set up a small and micro enterprise loan renewal center, and issued 50 billion Yuan of small and micro enterprise loan financial bonds to actively support the development of private economy and small and micro enterprises. Fully dedicated to the targeted poverty alleviation and beautiful countryside construction, SPD Bank Group put in more than 90 million Yuan in poverty alleviation during 2016 to 2019, lifting more than 70 aid recipients out of poverty.

We, in an active response to climate change, served the construction of the national green financial reform and innovation pilot area, issued "Low Carbon City" theme green bonds, and supported the ecological green integration development demonstration area in the Yangtze River Delta in a bid to build a low carbon bank in domestic financial sector and promote low carbon economy and green development.

We became increasingly service-oriented and technology-empowered. Digitalization was leveraged to drive innovation and development, build the core power of technology, create a new model of open and shared digital services, and enhance the effectiveness of digital operations. API Bank integrated financial and non-financial service capabilities. The first digital employee of the banking industry "Xiaopu" was successfully introduced. The "SPDB LifeStation" non-bank ecology

ical service platform has covered more users. We continued to promote digital empowerment, created an ecological environment for scientific and technological cooperation, and laid a solid foundation for SPD Bank's high-quality development.

We strictly controlled risks and developed steadily. We continued to strengthen strict governance of both the Party and the Bank, actively promoted the reform of discipline inspection and supervision, carried out themed education activities, and consolidated the work of anti-corruption, honesty and self-discipline. We continued to improve overall risk management capability, adopt digital technologies to enhance risk control, and build a group-wide risk appetite management system with full coverage at home and abroad to ensure steady and sustainable operation of the group. We integrated the core values of "stick to integrity and strive for excellence" into our daily management, business development and employee's code of conduct, fulfilled our commitment to customers, employees, shareholders, the society and environmental protection, and strived to build a "Community with a Shared Future" with multiple win-win results with stakeholders, providing continuous impetus for SPD Bank's high-quality development.

We will set out again and break new ground. 2020 is the final year of China's 13th Five-Year Plan and is also the crucial year for the implementation of SPD Bank's new three-year action plan. We will prioritize high-quality development as the key objective, service as the foundation, and market as the orientation, and promote our development with customer experience and digital technology to enhance our core competitiveness, industry leadership and global influence. By "setting out again and breaking new ground" to stimulate the vitality and motivation of the whole bank's high-quality development and digital transformation, we will make unremitting pursuit and continued endeavor to "build a first-class joint-stock commercial bank with international competitiveness and make ourselves the pacesetter and pioneer of the high-quality financial development in the new era".



A WORD FROM THE PRESIDENT

2019 is the 70th anniversary of the founding of PRC, a key year for building a well-off society in an all-round way, and an important year for SPD Bank to promote its 13th Five-Year Plan and digital transformation. SPD Bank focused on the key operation objectives of "Structural Adjustment and Steady Growth; Strict Compliance and Improved Quality; Excellent Management and Strengthened Competence", adhered to the party leadership, consolidated risk management, supported economic development, contributed to communities, practiced responsibility for customers, shareholders, employees and the public, and promoted the sustainable development of the bank and the stakeholders.

In 2019, SPD Bank realized an operating income of 190.7 billion Yuan, a tax payment of 33 billion Yuan and a social contribution per share of 9.22 Yuan. SPD Bank has set up 41 tier-one branches and nearly 1,700 business outlets at home and abroad with more than 55,000 employees. We have set up a national and international commercial bank service pattern. Our sustainable development capability has been continuously strengthened and our international reputation has been steadily improved, to pay tribute to the 70th anniversary of the founding of PRC.

In the economic field: We focused on the national strategy and provided customers with all-round investment and financing services. We built a coordinated service system to support Beijing-Tianjin-Hebei Collaborative Development, Yangtze River Delta integration and the construction of Guangdong-Hong Kong-Macao Greater Bay Area. We pushed forward cross-border financial services of "going out" and "bringing in" to help serve the Belt and Road Initiative. We accelerated the pace of financial innovation and helped build a new free trade zone with 10,000 free trade ac-

counts. We focused on supporting enterprises' reform, innovation and sustainable development in the Yangtze River Delta region. A number of free trade innovation services have been launched for the new free trade zone in Shanghai, of which 13 innovative service cases have been selected as "Financial Innovation Cases in China Shanghai Pilot Free Trade Zone". We gave full play to our advantages in sci-tech finance, served the construction of Shanghai Sci-Tech Innovation Center, helped 15 enterprises to be listed on the sci-tech board in the first batch, supported 35,847 enterprises, and issued 182.214 billion Yuan in loans to sci-tech enterprises. We offered services to various financial factor markets, and helped Shanghai further enhance its influence as an international financial center.

We implemented inclusive finance, focused on the financing private enterprises and SMEs, and vigorously developed online financing for small enterprises. The number of customers and balance of SME loans increased by 26% and 23% respectively, the financing interest rate decreased, and the goal of "Two Increases and Two Controls" was fully achieved.

We accelerated the digital transformation and deepened the development of API banking. 400 API services were put into use in cooperation with 210 partners. We took customer-centric approach and set out from the scenarios to create a dynamic and API banking ecology, injecting new energy into serving the real economy and practicing inclusive finance.

In the social field: We innovated the poverty alleviation model and used the bank-wide strength to fight against poverty. In 2019, the bank launched 53 donation projects in targeted poverty alleviation, with a total donation of 33.8697 million Yuan. We practiced the concept of responsibility and continued to carry out extensive public welfare charity activities in disaster relief, caring for the elderly and the young, helping the poverty-stricken groups, medical and health care, green environmental protection, culture and education and other fields. We vigorously promoted the staff volunteer work mechanism, carried out SPD Bank's Volunteers' Day activities for 13 consecutive years, built a responsibility culture with the characteristics of SPD Bank, and formed a responsibility competitiveness with the characteristics of SPD Bank.

In the field of customer service, we opti-

mized the service system, strengthened the construction of anti-fraud trading system, and took various measures to ensure the safety of customer transactions. We continued to carry out financial education popularization activities to strengthen the protection of consumer rights and interests. We adhered to the principle of putting people first and ensuring fair and just employment, and strengthened staff training and talent echelon development. In 2019, over 2,274 offline training programs were organized and 168,000 employees attended the training.

In the field of environment: We actively built a low-carbon bank, vigorously advocated our environmental protection concepts, promoted innovations in green finance, and comprehensively served the construction of the national green finance reform and innovation pilot area. London Branch successfully completed the issuance and pricing of US\$ 300 million of green bonds. The bonds were officially listed on the London Stock Exchange on October 30, making them the first "Low Carbon City" themed green bonds in China's banking industry. At the end of 2019, the balance of green credit exceeded 220 billion Yuan and the balance of green financing exceeded 330 billion Yuan.

Looking forward into 2020, SPD Bank will thoroughly implement the decisions and arrangements of the CPC Central Committee and the State Council, the spirit of the Central Economic Work Conference, the requirements of the CPC Shanghai Municipal Committee and Shanghai Municipal People's Government and regulatory agencies, maintain strategic stability, adhere to the principle of maintaining stability while seeking progress, advance while enhancing stability, actively serve the real economy and resolutely prevent financial risks. We will rely upon technological innovation as the driving force, build a "Financial Flagship" of Yangtze River Delta integration with comprehensive management, work with all stakeholders, and jointly promote the realization of higher quality, higher efficiency and more sustainable development in the spirit of "set out again and break new ground". We will strive to build SPD Bank into the preferred bank trusted by customers, a high-quality blue chip in capital markets, a sweet home where all employees share the fruits of development, a robust and compliant player in the banking system, and a respected and trusted corporate citizen.



MANAGEMENT

DEVELOPMENT LED BY PARTY
BUILDING

CORPORATE GOVERNANCE

RISK AND COMPLIANCE

CONCEPT OF RESPONSIBILITY

MANAGEMENT

DEVELOPMENT LED BY PARTY BUILDING

Under the guidance of Xi Jinping's socialism with Chinese characteristics in the new era, SPD Bank has carried out an education program on the theme of "Remain true to our original aspiration and keep our mission firmly in mind", carried out comprehensive and in-depth study, set up a special leading group and 9 work guiding groups, and established a grassroots contact system for CPC Committee members of the Head Office.

We implemented the provisions of the higher-level CPC Committee on the "pre-procedure" for CPC Committee research and discussion, revised and standardized the "Three Major and One Big" Decision-Making System Provisions and the Rules of Procedure of the Party Committee of the Head Office. The election of party representatives and the selection of candidates for the new head office CPC Committee member were carried out in an orderly manner. We deepened the construction of the "Four Responsibilities Coordination" system, optimized and upgraded the "Party Building Information Management System," and used the "Four Forms" to urge party organizations at all levels and leading cadres of party members to effectively assume the political responsibilities of strictly governing the party.

We insisted on strengthening the foundation of grassroots organizations, highlighting the construction of party branches, revising the Implementation Opinions on Standardization and Standardization of Party Branches and issuing the Guiding Opinions on Classification, Grading and Promotion of Party Branches (Trial). We strengthened the party's leadership over the work of mass organizations and improved the working mechanism of leading the construction of trade unions and youth league branches through party building.

We strengthened the centralized education, carried out party conduct and discipline education on the platform of SPDB University, further strengthened the "Four Consciousness", strengthened the "Four Self-Confidence", achieved the "Two Maintenance" and promoted the implementation of the "Two Responsibilities". With the help of SPD Bank's internal network and the head office's discipline inspection and supervision management system, we shared the development of the integrity-oriented Party conduct and clean governance, published excellent articles, advanced experience and work exploration on the party conduct and of an honest and clean government and anti-corruption, and actively promoted idea exchange and mutual learning.

We strengthened the construction of corporate culture and spiritual civilization, 13 institutions in Shanghai, including Shanghai Branch, were awarded the title of "Shanghai Civilized Unit" and 6 institutions (including Nanjing Branch) were awarded the title of local provincial civilized unit.

We comprehensively promoted the project of "creating a brand with unique characteristics". The CPC Committees of 47 first-level institutions have created 74 brand names for party building, of which 6 have been named "Brand Names for Party Building in State-Owned Enterprises in Shanghai". Organized and carried out the activities of "practicing new ideas and making contributions to work" and called on the broad masses of party members and the masses to make contributions in their posts. We created a glorious atmosphere of labor and a culture of continuous improvement. We encouraged all branches to set up a labor model studio based on "Zhu Yuting Studio" of Shanghai Branch. Through thematic activities like "Encourage youths to join the party and make contributions in the new era", we inspired young employees to remain firm in their ideals and beliefs, bravely bear the mission of the times, fulfill their duties and make their contributions.

CORPORATE GOVERNANCE

In 2019, SPD Bank further improved its corporate governance structure. Lessons were drawn from mature international corporate governance experiences in our efforts to set up a reasonable equity structure. Responsibility boundaries of various subjects in corporate governance had been clarified to balance and maximize interests of all stakeholders, protect depositor interests, win returns for shareholders, and create value for the whole society. We've always been dedicated to build a modern financial service provider with core competitive advantages in sufficient capital,

strict internal control, safe operation and good benefits. On April 24, 2019, the shareholders' meeting passed a bill to amend the *Articles of Association* to further standardize corporate governance practices in accordance with the requirements of the corporate governance standards for listed companies.

The Board of Directors (BOD) of SPD Bank professionally and efficiently performed its duties in scientific decision-making and strategic management. With our fundamental tenet of serving economic and social development,

SPD Bank promoted its high-quality and sustainable development in adherence to our good value principles, socially responsible corporate culture and business philosophies. The Board of Supervisors BOS (BOS), in accordance with laws and regulations, carried out supervision of major financial and BOD decisions as well as duty performance of senior management in key processes to facilitate corporate governance system construction and corporate governance capability improvement.

In 2019, SPD Bank organized an inspection on risk control and poverty alleviation through financial approach (Urumqi Branch) by BOD and BOS who paid close attention to and actively support poverty alleviation through financial approach. The BOS has kept continuous attention to the development of SPD Rural Banks. The chairman of the BOS stressed in special party classes that SPD Rural Banks should firmly adhere to the bank tenet and business philosophy of "serving agriculture, countryside and farmers, developing inclusive finance" and dutifully fulfill our social responsibilities in "serving the agriculture, the small, and the poor".

SPD Bank has always valued investor relation management, continuously innovated communication forms, promoted investment values, and brought SPD Bank closer to the market. In 2019, SPD Bank hold performance review meetings,reverse roadshows and participated investor strategy meetings, Shanghai Stock Exchange e-interaction and other activities to ensure effective interactions between small and medium-sized investors and SPD Bank.

SPD Bank fulfilled its obligation of information disclosure in a timely manner to ensure that investors have timely, accurate and equal

access to relevant information. On January 4, 2019, SPD Bank disclosed the 2018 annual performance bulletin, making us a company that disclosed the annual performance bulletin at the beginning of the 14th consecutive year. Moreover, SPD Bank continued to voluntarily disclose major information of concern to investors, including in total 74 temporary announcements throughout the year, effectively fulfilling the information disclosure obligations of listed companies. SPD Bank received an "A" rating (the highest rating) again in the information disclosure assessment of the Shanghai Stock Exchange.

RISK AND COMPLIANCE

In 2019, the Bank focused on the "18 Words" management policy, firmly grasped the main line of risk management of "reducing risks, adjusting structure, strengthening capabilities and promoting development", continuously fine-tuned the comprehensive risk management system, and steadily improved the quality and efficiency of internal control management.

A "1+3+5" group risk appetite management system has been initially established to realize a multi-tiered appetite transmission mechanism of "from head office to branch, and from top to bottom" and effectively unified the risk bottom lines of subsidiary companies at home and abroad. The risk system has been continuously improved with the initial establishment of a "four-in-one" policy management system, including industry orientation, credit guidelines, quota management and classified

authorization and a complete hierarchy of "Top Level-Basic-Special" system.

We have strengthened control over key areas of credit risk, increased credit delivery to key areas, vigorously implemented customer restructuring, and prudently managed credit delivery to areas with high NPL rates. We intensified industrial restructuring, strengthened differentiated control of industries with excess capacity and key business sectors, and continued to optimize the distribution of loan industries. We further increased non-performing assets disposal, deepened the construction of asset preservation mechanisms, and continued to preserve and dispose of non-performing assets through various channels and measures. We strengthened professional guidance on risk control as well as clean-up and disposal of key sectors, key branches, key projects and innovative businesses, implemented accurate

policies, and continuously improved the effectiveness of disposal. We strengthened risk screening in key areas of interbank business such as asset securitization and bills, and implemented the requirements of deleveraging and channel removal for national finance. We continued to organize and carry out on-site inspections and strengthen risk monitoring in key risk areas such as stock trading.

Risk and compliance training and publicity were carried out. Training and awareness promotion on operational risk management for grass-roots institutions and overseas branches were strengthened. We strengthened information technology risk management and continuously promoted the construction of business continuity management systems. We carried out anti-money laundering related knowledge publicity through multiple channels and levels.

CONCEPT OF RESPONSIBILITY

Core Concept

SPD Bank's corporate social responsibility view is to rely on the financial professional advantages to form a responsibility competitiveness with the characteristics of SPD Bank, take the initiative to assume economic, social and environmental responsibilities, and promote the sustainable development of our stakeholders and ourselves.

Corporate Social Responsibility Action Guidelines

Comply with laws and regulations and operate steadily. Abide by laws and regulations, operate steadily, and ensure the compliance, stability and sustainable development of SPD Bank.

Be honest and serve the public. Legitimate integrity, increase financing support in the areas of growth, livelihood and structural adjustment, provide the public with modern financial products and services to the maximum extent, lead the public with advanced financial concepts, and innovate financial experience for the public.

People-oriented, value unity. Create value for stakeholders to the greatest extent and realize the harmonious unity of company value and stakeholder value.

Devote love and repay the society. Actively support and participate in public welfare charity activities, carry forward the "dedication,

mutual aid, friendship and progress" of SPD Bank's volunteer concept through continuous volunteer activities, safeguard and promote social interests, and realize the coordinated development of the bank and society.

Conduct policies and allocate resources. Serve the country's macro-control policies, give full play to the role of finance in guiding and allocating social resources, rationally and effectively allocate credit resources, and support China's low-carbon economy and green development.

Advocate environmental protection and green finance. Support green credit, innovate green financial products, support energy-saving and environment-friendly green industries with commercial behaviors and market mechanisms, and build a low-carbon bank in China's financial industry.



— Sun Jianping, the Chairman of BOS, inspects a colored cotton factory for targeted poverty alleviation in Kashgar Pihesen Village

For more information, please refer to the *Annual Report of Shanghai Pudong Development Bank Co., Ltd. 2019*

For more information, please visit SPD Bank official website-Corporate Social Responsibility at

https://news.spdb.com.cn/about_spd/social_responsible_work/

UNDERTAKING RESPONSIBILITY IN TARGETED POVERTY ALLEVIATION



SPD Bank adhered to the concept of “Institutionalization, Innovation and Diversification”, continuously improved the mechanism for poverty alleviation through financial approach, innovated the mode for poverty alleviation through financial approach, adjusted measures to local conditions and adopted various measures simultaneously, and makes full efforts to fight against poverty. At the end of 2019, the balance of poverty alleviation micro-credit was 24.98 million Yuan, supporting 570 poor households. 23 rural banks offered targeted poverty alleviation loans, with a balance of 336.68 million Yuan at the end of the year, benefiting 7,857 peasant households.

From 2016 to 2019, SPD Bank Group put in a total of over 90 million Yuan in poverty alleviation. The Head Office as well as 28 branches and one subsidiary provided help to more than 100 aid recipients (villages, towns and counties) in 26 provinces, cities and autonomous regions, of which more than 70 have been lifted out of poverty.

In 2019, SPD Bank was awarded the “Best Contribution Award for Targeted poverty Alleviation” and “Best Special Contribution Network Award in Social Responsibility” by China Banking Association.

Overview of 2019 Poverty Alleviation Projects

In 2019, SPD Bank implemented 53 precise poverty alleviation donation projects with a total donation of 33.8697 million Yuan. Among them, 32 designated poverty alleviation projects were implemented with an investment of 19.7211 million Yuan to carry out the crucial tasks of poverty alleviation at the provincial and municipal levels, including the implementation of “100 Enterprises Help 100 Villages” twinning assistance work of Wenshan in Yunnan Province, the deepening of comprehensive rural assistance work in Jinshan District of Shanghai, and the assistance to Yangjiahe Village in Guzhang County of Hunan Province for industrial poverty alleviation.

Three health-oriented poverty alleviation projects were launched with an investment of 10.0674 million Yuan, including the continuous promotion of the “Dream Chasing Fireflies Initiative” for 1000 Pediatric Staff Training, the support for the medical assistance project for needy children in Shanghai Xinhua Hospital, and the private banking’s “Hearing Impaired Children Support Program” public welfare financing project.

Six poverty alleviation through education projects have been implemented with an investment of 1.027 million Yuan to support the Shanghai voluntary service public welfare foundation in setting up a special fund for social aid to Xinjiang for young diversiform-leaved poplar, donating the “SPDB Dream Center” public welfare classroom and Maocaoshan village public welfare kindergarten in Mengla county, Yunnan province, helping poverty-stricken students in Shuozhou, Shanxi province to realize their dreams of entering school.

We actively participated in public welfare activities such as “Care Under the Blue Sky” and “Hope project” in various places, and carried out 12 poverty alleviation projects with an investment of 3.0542 million Yuan.



Taiyuan Branch helps sell potatoes for villagers in Yaogetai Township, Baode County, Xinzhou

2019 Poverty Alleviation Highlight Actions

Poverty Alleviation Through Financial Industry to Activate the Internal Driving Force of Poverty Alleviation

In 2019, SPD Bank has taken industrial poverty alleviation as its starting point, concentrated on tackling tough problems, implemented policies with precision, flexibly used financial tools to support the industrial development of poor villages, gave priority to supporting the loan needs of local private enterprises, agricultural cooperatives or self-employed enterprises within the scope of policies, and encouraged local villagers to set up special agricultural products enterprises. We continuously cultivated self-support ability in poverty-stricken villages and consolidated the achievements of poverty alleviation.

For the second year in a row, the Head Office has promoted the implementation of the “100 Enterprises Help 100 Villages” twinning assistance work of the Shanghai SASAC. The head office has assisted Yalachong Village of Dehou Town, Nanlin Village of Dongshan Township and Wuhezong Village of Bozhu Town in Wenshan, Yunnan Province. The head office has also guided the implementation of Kunming Branch. Combining with local conditions, the head office has determined the concept of “giving priority to poverty alleviation through industrial development and giving consideration to infrastructure construction”. Through the promotion of projects such as tractor road construction and poverty alleviation through characteristic industries, the designated poverty alleviation has achieved initial results. Kunming Branch won the honorary title of “Yunnan Province’s Advanced Collective for Poverty Alleviation in 2019” and is the only joint-stock commercial bank among 134 advanced collective for poverty alleviation in the province. The designated poverty alleviation work of SPD Bank has been fully affirmed by the CPC Yunnan Provincial Committee and the Yunnan Provincial People’s Government.



Photograph: Dry grain in the sun by Zhang Qin, Hangzhou Branch



Photograph: Diving Fish by Shi Jie, Nanjing Branch

During the twinning assistance period of **Yinchuan Branch** helping Dongzigou Village, Xinying Township, Xiji County, Guyuan, Yuan Hui, the first secretary stationed in the village and head of the poverty alleviation team, led the villagers to develop the astragalus planting and bee breeding industries, visited and mobilized from door to door, worked out the poverty alleviation plan, applied for the industrial development fund, and played an active role in poverty alleviation with a combination of strategies. By the end of 2019, the whole village has reached 500 mu of planting area of astragalus membranaceus and kept 200 boxes of honeybees. The registered poor households have increased their income by 20,000 Yuan per household every year, lifting a total of 154 people from 32 households out of poverty. The incidence of poverty in the whole village has decreased from 21.57% in 2017 to 0.67%.

Tian Lisheng of **Hohhot Branch** helped Shuangmiao Village to purchase 3,330 chickens of Beijing fatty chicken during his stay as deputy flag-bearer in Tongliao City's Kulun flag. He applied for loans, connected with e-commerce platforms, guaranteed the capital chain, provided channels for sales, and promoted the production and employment of poor households. In 2019, the village earned 100,000 Yuan from breeding Beijing fatty chicken, and the average income of poor households increased by 3,500 Yuan.



Yi Sanhua, Chief and First Secretary of the Poverty Alleviation Task Group in Yangjiahe Village, visits villagers regularly

Nanchang Branch, aiming at the poor collective economic foundation and poor foundation of Meiling Village in Poyang County, Shangrao, introduced professional technology, mobilized villagers to develop sweet potato planting of more than 600 mu, and set up an "One Village, One Product" industrial cooperative, with an annual income of more than 800,000 Yuan. According to local conditions, local materials were used to help build a bamboo processing factory in the village to produce bamboo chopsticks and bamboo lot so that villagers could find jobs at home.

Changsha Branch formulated the *Three-Year Poverty Alleviation Plan for Yangjiahe Village* for Yangjiahe Village in Guzhang County of Xiangxi Tujia and Miao Autonomous Prefecture, and decided to develop "two-leaf" industry (1,000 mu of tea base and 1,000 mu of tobacco leaf base) as the sustainable pillar industry of Yangjiahe Village according to local conditions. In 2019, the 1,000 mu tea project has been put into production, providing more than 100 jobs, with a total annual net profit of 500,000 Yuan and an increase of 3,000-5,000 Yuan in the annual income of poor households. The 1,000 mu tobacco leaf project achieved a profit of 2,500 Yuan/mu, effectively helping poor households out of poverty. With the help of Changsha Branch, Yangjiahe Village had lifted 96 households and 400 people out of poverty by the end of 2019.

Dongzigou Village, Xinying Township, Xiji County, Guyuan

0.67%

Incidence of poverty in the whole village decreased to

Shuangmiao Village, Kulunqi, Tongliao

3,500 Yuan

Average income of poor households increased by

Meiling Village in Poyang County, Shangrao

Over 800 thousand Yuan

Increase of annual income

Yangjiahe Village, Guzhang County, Xiangxi Tujia and Miao Autonomous Prefecture

96 households

Lifted out of poverty

Poverty Alleviation Through Financial Approach: Bring Vitality into Rural Economy

Lanzhou Branch provided supply chain financing support to Gansu Blue Sky Potato Industry Development Co., Ltd. (hereinafter referred to as "Blue Sky Potato") and continued to promote innovation of industrial poverty alleviation model, providing financial services that cover the entire industrial chain of potato planting, acquisition, storage, processing and sales. Through "offline+online", the "Blue Sky Model" was further upgraded to "Blue Sky e-Loan", an online financing product of the supply chain.

Poverty Alleviation Through Education: Lay a Solid Foundation for Poverty Alleviation

The Shanghai Trust supports basic education in poor areas in the central and western regions by providing teacher training, building Hope primary schools, providing aesthetic education, and financing social funds. In the past five years, the number of principals/teachers who have benefited directly has reached nearly 1,000, and the number of students who have benefited indirectly has reached 1 million. Educational assistance programs cover seven provinces and cities, including Yunnan, Guizhou, Sichuan, Chongqing, Inner Mongolia, Gansu, and Tibet, creating a "Shanghai Trust" model for poverty alleviation through education.

In 2019, the Shanghai Trust launched poverty alleviation through education in Tibet for the first time, providing special training for teachers in poverty-stricken areas of Tibet by "going out" and "bringing in". It put in 1 million Yuan to build remote education equipment for schools in Yibin, Sichuan Province, to promote the sharing of educational resources and expanding coverage of education.



Photograph: Focus by Ni Yiwen, Beijing Branch

"Eyes on the World"

By the end of 2019, the "Eyes on the World" Program for Children's Vision Recovery Operation has helped 807 children from poor families suffering from strabismus, congenital cataract, congenital glaucoma and other eye diseases in Shanghai, Chongqing, Kunming, Zunyi and other places to receive surgery successfully, helping them regain their health, confidence and smiles.

"Carefree Plan" for Children's Health Care Insurance

By the end of 2019, the "Carefree Plan" for Children's Health Care Insurance project has claimed more than 1,000 cases and paid more than 1.472 million Yuan, benefiting more than 1,000 families and continuously conveying warmth and care from SPD Bank to the society.

The "Dream Chasing Fireflies Initiative" for 1000 Pediatric Staff Training Launched

On February 20, 2019, SPD Bank and Ai You Foundation jointly launched the "Dream Chasing Fireflies Initiative" for 1000 Pediatric Staff Training. By the end of 2019, the "Dream Chasing Fireflies Initiative" public welfare project has funded 293 primary pediatric medical staff from the western region to complete their studies in Beijing, Shanghai, Hangzhou, Chengdu and other places, covering over 110 hospitals in 12 provinces, cities and autonomous regions in the western region, including more than 20 cities and counties in key areas of precise poverty alleviation. We continued to contribute to improving the level of primary pediatric medical care in our country, helping to improve the ability of pediatric medical services and technical management in remote areas in the west and improving the well-being of children in the west.



For more stories on "Pioneers in poverty alleviation", please see:
<https://spdbman.cojoy.com.cn/article/3>

Or scan the QR code:



For more Information on poverty alleviation through education,

please scan the QR code:



For more information about "Dream Chasing Firefly", please visit:
<http://spdb.cojoy.com.cn/dream/>

Or scan the QR code:



EMBRACE TECHNOLOGIES TO PUSH FORWARD DIGITAL TRANSFORMATION

Features



API Bank

Under the overall strategic goal of “building a first-class joint-stock commercial bank with international competitiveness”, SPD Bank has gradually formed a brand-new bank operation mode with customers as the center, technology as the core driving force, digitalization as the gene and ecology as the development mode.

SPD Bank officially launched “API Banking” in 2018 to create a leading edge in the industry. Focus on customer needs, open products and services, transactions and processes, and share them with fin-tech companies, suppliers, third-party developers and other partners to restructure the business ecosystem.

In 2019, SPD Bank continued to increase

its investment, strengthen the research, introduction and application of digital technology, and make every effort to build a first-class joint-stock commercial bank with international competitiveness. By the end of 2019, a total of 400 API services had been released and 210 applications had been connected to partners, involving nine major business areas such as account management, loan financing, investment and wealth management, with API transactions exceeding 150 million. Iterative enhancement of intelligent equipment function support for VTM, i-Counter and other business outlets, launching 17 categories and 99 retail businesses, covering all common personal businesses and realizing full coverage of outlets.

Progress in 2019 Digital Transformation

Build API Bank and Implement Digital Strategic Transformation

Based on API Bank, financial products and services were deeply integrated with government, enterprises and industry platforms to provide customers with ubiquitous and meticulous services in various production and living scenes. We exported and integrated services with platforms such as JD.com and CTrip via API, realizing customer resource sharing, online service and platform rights sharing, improving customer activity and stickiness, and bringing brand-new service experience to C-end retail customers. We achieved fast docking with Shanghai’s single window for international trade, embedded financial services into a single window platform, and provided online foreign exchange payment, foreign exchange purchase, declaration and other services for the majority of trading enterprises, which not only improved the efficiency of enterprises in carrying out cross-border trade, but also helped government departments to implement full-link tracking management of import and export business.

Helping Digital Transformation of Business

With a focus on ToB to integrate the ecological scene of intra-bank resource splicing, we provided full-journey digital service functions for small and medium-sized

merchants and C-end customers, focused on typical scenes of branches, created a unique ecological circle to gather and obtain customers, and render cross-border financial services.

Innovating Technology to Improve Customer Service

Intelligent voice bank. The touch-control interaction mode on traditional mobile devices was transformed into a natural language interaction mode better aligned to human habits, making the originally complicated “Transfer” and “Payment” services simpler and more convenient.

Virtual “Digital Staff”. It can accumulate service experience through in-depth learning, provide support for customers to plan for the future, make financial services better integrated into life scenes, and meet diverse needs of users.

Building a Fort of Information and Capital Security

Digital technology is applied to collect and process fragmented data to build a 7x24-hour intelligent risk control system to realize real-time interception of high-risk transactions. A safe house for user transaction risk prevention and control is built from the source and runs through every transaction scene of users, so as to achieve the goal of “ensuring development with safety and promoting safety with development”.

Creating a Technological Cooperation Ecology

Establishment of joint innovation lab. SPD Bank and leading enterprises in the industry built nine joint innovation lab, covering many cutting-edge fields such as big data, artificial intelligence and cloud computing, and continuously strengthening in-depth joint creation with leading domestic technology companies in cutting-edge technologies.

Deepened construction of sci-tech cooperation community. SPD Bank initiated the establishment of the “Technology Cooperation Community” in 2018 to fulfill its commitment to building an ecological platform of “Open Sharing and Win-Win Cooperation” composed of banks, technology companies, scientific research institutions and other institutions.

Integration of production, teaching and research to extend digital ecology. We held geek challenge for colleges and universities, trained and attracted talents from colleges and universities, and promoted in-depth cooperation among industry, university and research institutes. We relied on trade associations to complement each other’s resources, promote the prosperity and ecological development of the fin-tech industry, and promote the innovative application of forward-looking technologies in the field of fin-tech.

On November 14, 2019, the “3rd International Fin-tech Innovation Competition” of SPD Bank was successfully held in Singapore. The competition is sponsored by SPD Bank and co-sponsored by Microsoft and Temenos. Its aim is to strengthen cooperation in the field of fin-tech, explore potential overseas technology companies as part-

ners, provide more possibilities for bank services to break through the established pattern, open up unlimited innovations in financial services and products, promote the evolution of “Financial Services” to “Pan-Financial Services”, and select and cultivate technology companies with world influence.



The judges of the 3rd International Fin-tech Innovation Competition and the representatives of the participating teams

Highlights of 2019 Best Practices

“5G+”

SPD Bank and China Mobile jointly set up a “5G+” plan to continuously strengthen cooperation in the fields of “5G+ finance” innovation, large-market ecological integration marketing and digital application. On May 17, 2019, SPD Bank launched the industry’s first “5G+” smart bank outlet in Shanghai and completed the first bank card issuance transaction under the 5G network environment, and implemented inclusive Financial One-stop Service Center and Music Coffee outlet in Guangzhou and Chengdu respectively. In November 2019, the industry’s first 5G physical consumption service-oriented wealth management product, “Mobile Phone Wealth Management-Huawei Mate30 Pro 5G” was released.

Retail Scenario Operation

We focused on the cooperation of the head platform and fully pushed forward the retail scene customer operation. In-depth cooperation was carried out with high-frequency consumption payment scenarios such as Jingdong and Suning, and joint operation of customers was realized around scenario co-construction, rights and interests sharing, service integration, etc. 13 head-of-

office-level scenario projects were operated throughout the year, serving more than 1.08 million new customers.

SPDB Life Service APP

We followed the concept of “Make life easier and better” to build a non-bank ecological service platform of “SPDB LifeStation”. As the Bank’s main platform for scenario-based retail customer operations, it brings together the characteristic activities and rights and interests of various cooperation scenarios between the Head Office and branches, covering API online account opening, mall consumption payment, payment and recharge, community family life service, etc., and is committed to providing customers with one-stop living and consumption experience. By the end of 2019, the number of registered users of the platform has exceeded 1.88 million, and the following will continue to focus on optimizing the platform’s functions and experiences to provide customers with one-stop services.

More information about Digital SPD Bank can be found at:
<https://spdbing.energytrust.com.cn/>

Or scan the QR code:



400

API services launched

210

Partner applications connected

160

More than million

API transactions

ALL STAFFS OF SPD BANK IN ACTION TO COMBAT THE EPIDEMIC



We made our efforts in building a united front to combat the epidemic. After the outbreak of the epidemic, SPD Bank implemented the decisions and arrangements of the CPC Central Committee, the State Council and the CPC Shanghai Municipal Committee and Shanghai Municipal People's Government. According to the 30 requirements of the People's Bank of China and other five ministries and commissions and the 28 requirements of the Shanghai Municipal People's Government, we resolutely implemented the financial service requirements and assumed the due responsibilities of financial enterprises.

For aviation, education, medical treatment, commerce, logistics, F&B, hotels and other

industries that are greatly affected by the epidemic, we didn't blindly cut off loans, withdraw loans or postpone loan. According to the customer's needs and situations, we quickly launched well-targeted service programs to ensure smooth service. Since the outbreak of the epidemic, the focus of service has gradually shifted from assisting in the prevention and control of the epidemic to supporting the restart of production. Under the leadership of the CPC Central Committee, the service has resolutely won the battle of prevention and control of the epidemic and fought the battle of safeguarding economic and social development.

China's First Debt Financing Instrument for Epidemic Prevention and Control

On February 5, 2020, SPD Bank was the sole principal underwriter of Zhuhai Huafa Group Co., Ltd., the third phase of ultra-short-term financing bonds in 2020 with a value of 1 billion Yuan. 50% of the raised funds were used to prevent and control the epidemic and the liquidity demand of relevant real economic sectors. As of March 31, SPD Bank has underwritten 40 bonds related to epidemic prevention and control, with a total scale of 29.2 billion Yuan. The total size of the labeling "Epidemic Prevention and Control Debt" underwritten by SPD Bank is 14.225 billion Yuan.

Fighting Together with Medical Technology Enterprises

Shanghai Branch loaned 330 million Yuan to support Shanghai King-cell Biotechnology Co., Ltd to participate in the development of New Crown pneumonia vaccine, 5 million Yuan to help Shanghai 3D Medicines Medical Institute expand the production of test kits, and Suzhou Branch loaned 80 million Yuan to support Suzhou Ribo Life Science Co., Ltd. to produce emergency treatment drugs.

As of February 26, 2020, SPD Bank has approved a credit line of 71.5 billion Yuan for 494 epidemic prevention and control related enterprises nationwide, of which 28 enterprises in Hubei region have granted a total credit of 7 billion Yuan.

Relieve the Financial Pressure of Temporarily Trapped Enterprises

For high-quality enterprises with temporary operating difficulties during the epidemic period, a comprehensive financial service plan for the industry was issued in the first place. In the F&B industry, 530 million Yuan of group credit supports Xibei F&B, and Hefei Branch granted a loan of 50 million Yuan for Laoxiangji F&B. In the tourism industry, Shanghai Branch provided a 300 million Yuan loan to a tourism enterprise in Shanghai in only five days, making full preparations for the temporary deposit refund of 1,700 travel agencies involving 2,700 accounts. In the aviation industry, Guangzhou Branch exclusively underwrote China Southern Airlines' 1 billion Yuan medium-term bills for epidemic prevention and control purposes, Shanghai Branch mainly underwrote China Eastern Airlines' 1 billion Yuan ultra-short-term financing bills, and Jinan Branch lent 400 million Yuan to support Shandong Airlines in carrying out epidemic prevention and control work such as transportation of medical supplies.

Relief for Small, Medium and Micro Enterprises

SPD Bank has adopted precise policies to relieve the difficulties of small and medium-sized enterprises that are trapped by the epidemic but have prospects for development by adopting methods such as non-repayment of principal and loans, adjustment of interest payment before maturity, adjustment of repayment plan, active extension, etc. As of February 24, 2020, only in Shanghai, a total of 17.6 million Yuan of renewed loans without repayment of principal have been issued to 4 small and micro enterprises affected by the epidemic.

Support the Restart of Production in the Yangtze River Delta

Hangzhou Branch loaned 150 million Yuan to support large-scale state-owned pharmaceutical circulation enterprises, Ningbo Branch loaned 50 million Yuan to support protective materials production enterprises, and Shanghai Branch helped enterprises successfully pay 10 million Yuan to purchase epidemic prevention masks overseas through CIPS system.

Strengthen Online Non-Financial Service Functions

SPDB Life Service APP launched the "Reservation Registration Service" to support enterprises returning to work and resuming production to do a good job in employee health management. As of March 31, 2020, services such as remote office registration, canteen F&B reservation, returning to work and clocking in have benefited 154 cities nationwide with 1.65 million person-times. We have taken the initiative to cooperate with more than 10 enterprises such as Xibei to launch a series of "Stay at Home at Ease" life services, which have benefited more than 500,000 customers.

As the first bank in the country to realize full coverage of intelligent voice service telephone banking, it has given full play to the leading advantages of digital construction, realized AI intelligent customer service, effectively avoided centralized office work of customer service personnel, reduced the turnover of customer service to manual telephone service by more than 50% year on year, and achieved a robot intention recognition rate of more than 90%. AMA Marketing Robot was launched to automatically provide customers with online differentiated services to ensure uninterrupted customer service during special periods.



Wu Guowei of Wuhan Branch and his volunteer teammates provided transportation services for medical personnel

Introduction of Free Medical Treatment in We Doctor

SPD Bank APP launched a 7x24-hour online free medical treatment service channel in We Doctor. More than 30,000 doctors from We Doctor Internet General Hospital provided nationwide users with an online rapid consultation service that responded within 3 minutes free of charge, reducing the risk of cross-infection of patients going to the hospital and relieving the pressure of hospital treatment. As of March 31, 2020, we have provided free medical treatment for 650,000 people.

Anti-epidemic Donation

In order to support the fight against the epidemic, SPD Bank and group investment enterprises donated a total of 27.84 million Yuan, including 20 million Yuan from the head office of SPD Bank, 840,000 Yuan from branches at home and abroad, 2 million Yuan from Shanghai International Trust Co., Ltd., 3 million Yuan from AXA SPDB Investment Managers and 2 million Yuan from China International Fund Management Co., Ltd. In addition, the bank (group) staff donated 8.64 million Yuan.

Join the Public Welfare Action

Guangzhou Branch learned that agricultural products in Gaozhou, Maoming, one of Guangdong's largest "Vegetable Baskets" and a major agricultural city, were severely unsalable due to the epidemic. We took action immediately. The head office and branch cooperated closely with various departments and cooperated with China Post to launch the "Stand Together to Fight the Epidemic and Tide Over the Difficulties" charity and agricultural aid campaign, which started the model of assisting farmers to fight against "epidemic" by helping selling "Guangdong Brand" agricultural products in the "cold winter".

On January 27, 2020, Wu Guowei, an employee of Wuhan Branch, applied to join the Wuhan Anti-epidemic Volunteer Alliance through the Internet with the support of his family to provide transportation services for medical personnel fighting the epidemic in Wuhan. Zhong Jun, an employee of Wuhan SPD Bank, joined the "Life Sunshine Public Welfare Rescue Team" immediately after the outbreak of the COVID-19 and make every effort to assist in the transportation of medical materials.

More information on fighting the epidemic can be found at:
<https://spdbkangyi.cojoy.com.cn/>

Or scan the QR code:



Zhong Jun of Wuhan Branch delivered medical supplies

PRACTICE

ECONOMY: SERVE THE DEVELOPMENT OF REAL ECONOMY

ENVIRONMENT: ADDRESS CLIMATE CHALLENGES

SOCIETY: CREATE SOCIAL VALUES

PRACTICE



Photograph: *Beautiful China* by Li Feilong, Information Technology Department of the Head Office

ECONOMY: SERVE THE DEVELOPMENT OF REAL ECONOMY

SERVE THE NATIONAL STRATEGY

Support the Construction of "the Belt and Road Initiative"

In 2019, SPD Bank implemented the strategic thinking of head office leading, group coordination and resource integration, and vigorously promote the construction of "the Belt and Road Initiative". As an institution along the "the Belt and Road Initiative" route, Singapore Branch actively supports Chinese-funded enterprises "going out" and local customers in Singapore to carry out business there, while exploring other neighboring "the Belt and Road Initiative" countries along the route. In 2019, Singapore Branch innovated and launched a small-currency currency agency business including Philippine peso and Thai baht, deepened various business cooperation under commodities, and continuously strengthened its ability to serve "the Belt and Road Initiative".

We actively participated in the construction of the central bank's cross-border RMB clearing system, and as one of the first direct participants in the Cross-border Inter-bank Payment System (CIPS), we provided agency access and clearing services for domestic and overseas peers. As of the end of 2019, SPD Bank had 216 cross-border RMB clearing agents for domestic and overseas interbank institutions, ranking second in the industry. Excluding inter-bank reference factors, SPD Bank has 97 overseas and foreign-funded inter-bank customers, keeping the first place in the market. There were more than 80,000 clearing transactions in the year with a clearing amount of 376 billion Yuan, which strongly supported the RMB internationalization strategy with practical actions.

Support the Coordinated Development of Beijing, Tianjin and Hebei

According to the needs of customers in the Beijing-Tianjin-Hebei region, in the field of state-owned assets integration, the two types of state-owned assets integration business, energy and health care, had been pushed forward, giving more than 3 billion Yuan of initial credit support to relevant customers, and making the state-owned assets integration credit business stronger and bigger. We actively searched for the scene of online platform of customer supply chain and cultivated and built an ecological network extending in all directions from the production end, purchase end, sales end and financing end.

Support the Construction of Guangdong-Hong Kong-Macao Greater Bay Area

In 2019, SPD Bank fully connected with the leading enterprises in Greater Bay Area, took the lead in implementing differentiated policies based on regional characteristics, and established a working group covering retail loan, gold market and asset management to fully support the implementation of major projects and enterprise development in the region. Shenzhen Branch took the lead in registering Zhuhai Dahengqin Investment Co., Ltd. with a 5-year term of 5-billion-Yuan Greater Bay Area Debt for Innovation and Entrepreneurship. After the completion of the project, it will further speed up the connection between Guangdong and Macao and play the role of Hengqin transportation distribution center.



Support the Integrated Development of Yangtze River Delta

In 2019, SPD Bank specially set up a leading group to support the integrated development of the Yangtze River Delta, headed by its chairman and president. It regularly held business coordination meetings of six branches in the Yangtze River Delta region to continuously explore and practice service guarantee and mechanism innovation. By the end of 2019, SPD Bank had 503 branches in the Yangtze River Delta region, serving 300,000 enterprise customers and nearly 27 million individual customers. In the region, the deposit and loan balances was 1.7 trillion Yuan and 1.2 trillion Yuan respectively. SPD Bank issued the country's first credit card with the theme of the integration of the Yangtze River Delta. In February 2020, SPD Bank underwrote the country's first single special bond for the construction of the Yangtze River Economic Belt (20 Jiangbei Construction Investment PPN002). SPD Bank issued selected financial products with Yangtze River Delta themes. The asset side focused on supporting large-scale state-owned enterprises and leading private enterprises in the region. At the same time, SPD Bank vigorously served the transformation of old and new momentum in the Yangtze River Delta region through bond investment and bill discount. Since its establishment, SPD Bank has taken the Yangtze River Delta as the strategic highland for business development and has always taken serving the Yangtze River Delta as its important mission. It has actively practiced in promoting the export of the Four Brands of "Shanghai Service, Shanghai Manufacturing, Shanghai Consumption, and Shanghai Culture" to other regions in the Yangtze River Delta, exploring and building a Shanghai resource sharing platform so that people and enterprises in the Yangtze River Delta region can enjoy Shanghai's brand services without leaving their homes.

Improve Service Efficiency

Financial Services in Free Trade Zone

SPD Bank set up the Shanghai Pilot Free Trade Zone Branch in September 2013. After the overall plan for the Lin-Gang Special Area of Shanghai Pilot Free Trade Zone was issued, SPD Bank was the first to launch the "Financial Services Plan for the Lin-Gang Special Area of Shanghai Pilot Free Trade Zone". On August 21, 2019, the branch in the Lin-Gang Special Area of Shanghai Pilot Free Trade Zone was opened to provide all-round free trade financial service support for enterprises in the Lin-Gang Special Area, and to provide cross-border

der banking services in line with international standards for "going global" enterprises by taking advantage of the multi-platform synergy of free trade, offshore and overseas branches.

Financial Service for Innovative Sci-Tech Enterprise

Head Office-level financial service centers for innovative sci-tech enterprises have been set up in 6 branches in Shanghai, Beijing, Shenzhen, Tianjin, Guangzhou and Xi'an, and 7 branches in Hangzhou, Nanjing, Suzhou, Wuhan, Changsha, Changchun and Qingdao have been set up as key branches in financial service for innovative sci-tech enterprises. *Financial Service 2.0 for Innovative Sci-tech Enterprises, Investment Bank Service Plan for Sci-tech Board Listing* and Ten Thousand Sci-Tech Enterprises Incubation Program were launched to provide exclusive financial services for innovation-oriented enterprises at all stages.

Support the Conversion of New and old Kinetic Energy

We launched the "Equities, Bonds and Loans" integrated comprehensive financial service and the domestic and overseas two-way linkage financial service to help enterprises develop through cross-border development, overseas mergers and acquisitions, inter-provincial operations, etc. We supported the construction of major projects such as "research and development of China commercial aircraft", actively introduced equity investment funds and high-quality investors to strategic emerging enterprises in the Yangtze river delta, and laid a solid foundation for the transformation and development of enterprises. By the end of 2019, more than 100 billion Yuan of market-oriented funds had been introduced for key regional projects and enterprises.

Inclusive Financial Services

- ◆ We supported the construction of the Yangtze River Delta "One Network for All" government affairs platform and take the lead in promoting the implementation of "One-Stop Cross-border Banking and Administration Services". Cross-border financial services assisted Shanghai to open a single window, handle customs, inspection, tax and other procedures online and open accounts for enterprises.
- ◆ We increased efforts to serve private and micro-, small and medium-sized enterprises, separated Small and micro credit plans and launched new service modes such as "e-enterprise-small enterprise online financing platform", and Launched discounting of small and micro bills to optimize customer discounting experience.
- ◆ We helped people's livelihood, supported the "Shanghai Construction Workers' Housing Security Project" and took the lead in the industry to launch the "Smart Building Site Comprehensive Solution".

Shanghai Financial Factor Market Empowerment

- ◆ We actively participated in the construction of central counterparty systems such as Shanghai Clearing House and Shanghai Gold Exchange, supported CCP12 (Global Central Counterparty Association) to settle in Shanghai, and became one of the first batch of centralized pricing business members of Shanghai Gold Exchange, helping to enhance China's precious metal international pricing power.
- ◆ We actively participated in the principal trading and warehouse receipt trading in the Shanghai Futures Exchange. We ranked top in terms of gold and silver futures trading volume in the banking industry, and we are the sole joint-stock commercial bank that has obtained the qualification of a silver futures principal trading. As the sole bank member, we also won the highest honor awards such as the Diamond Award for Market-making Business of Shanghai Futures Exchange and the Special Contribution Award for Principal Trading Business of Precious Metals Industry.
- ◆ We actively participated in initiating the establishment of Shanghai OTC Commodity Derivatives Association, supported the establishment of commodity industry norms, and helped the healthy development of the real economy.
- ◆ We supported the construction of the Shanghai Headquarters of the China Central Clearing Corporation and actively participated in the innovation and marketing of the Bond Connect.
- ◆ We fully cooperated with China's debt to expand the innovation of bond collateral and actively participated in the research and application of the Yangtze River Delta Index and the US debt index.
- ◆ We actively responded to the Shanghai Stock Exchange's sci-tech board construction, and released the *Sci-tech Board Enterprise Capital Market Service Plan, Financial Service Plan 2.0 for Innovative Sci-tech Enterprises* and *Investment Bank Service Plan for Sci-tech Board Listing* for sci-tech board enterprises.
- ◆ We actively participated in the construction of many newly-established financial factor markets such as Shanghai Insurance Exchange, Shanghai Commercial Paper Exchange Corporation Ltd. and China Trust Registration Co., Ltd. The first phase of standardized bill investment of the Shanghai Commercial Paper Exchange Corporation Ltd. took the first place in the whole market.
- ◆ We interacted with the factor market to launch a series of innovative products such as "Pu Shang Yin", "SPDB Express" and "LPR Interest Rate Swap" to serve the hedging needs of entity enterprises.
- ◆ We became the gold futures delivery treasury designated by the Shanghai Futures Exchange and the overseas customer margin deposit bank of the Energy Center, serving the real economy and enterprises closely.

PROMOTE OVERSEAS FINANCIAL SERVICES

We provided all-round overseas investment and financing support through offshore, free trade and overseas branches. In the advanced manufacturing industry, we provided bilateral loan support for a leading state-owned construction machinery manufacturing enterprise group to distribute in Europe and South America, and provided merger and acquisition financing support for a large state-owned automobile enterprise to acquire a well-known European automobile brand. In the medical and health industry, overseas merger and acquisition financing was provided for some high-quality private enterprises to obtain foreign medical patent rights, and overseas red-chip bridge financing was provided for well-known pharmaceutical enterprises, etc. In the aviation shipping industry, we provided overseas syndicated loan support for a listed airline enterprise and financing support for overseas mergers and acquisitions of a large state-owned shipping enterprise. In 2019, international platforms provided over 5 billion US dollars in overseas M&A financing.

In response to the national call for “mass entrepreneurship and innovation”, we actively served the customer base of enterprises in new formats and is the first in the industry to issue the Comprehensive Cross-border Financial Services Plan for New Economic Enterprises. Based on the actual needs of enterprises, we provided customers with a full-process service plan at various stages such as the establishment of a red-chip structure, overseas capital acquisition, cross-border capital operation, and domestic and overseas IPO. Through offshore platforms, a large number of Internet leading new economy enterprises was provided with all-round overseas services such as overseas fund management, merger and acquisition financing, asset management, etc., which strongly supported the rapid development of new economy enterprises by utilizing the resources of the international financial market. By the end of 2019, the scale of overseas business cooperation of various types exceeded 3.5 billion US dollars. We actively met the overseas trade financing needs of cross-border supply chain trade customers, with the overseas trade financing amount of international platforms exceeding 4.5 billion US dollars. We provided effective services for large central enterprises, important local state-owned enterprises and leading private enterprises to centrally control overseas funds after “going global”. The scale of overseas funds managed by international platforms exceeds 9 billion US dollars.

Practice Free Trade Zone Financial Reform



Upgrade the Financial Service of the Lin-Gang Special Area

At the beginning of the establishment of Shanghai FTZ in September 2013, SPD Bank took the lead in issuing the first version of the *FTZ Financial Services Plan*, which has been updated to version 7.0 so far. In 2019, SPD Bank set up a branch in Shanghai’s new free trade area to support the regional construction of the new free trade area, serve the development of industrial economy and explore financial innovation. After six years of hard work and experience accumulation in the Shanghai Free Trade Zone, SPD Bank is full of confidence in further serving the construction of the new Shanghai Free Trade Zone.



Launch Financial Services Plan for Lin-Gang Special Area of Shanghai Free Trade Zone

- ◆ In the service of leading industry clusters, we optimized the whole life cycle service of leading industry customers, focused on the cross-border capital market demand of enterprises, and provided comprehensive financial services including equity structure adjustment, bridge financing, listing consultants and investor withdrawal.
- ◆ In the service of new international trade, the system has been continuously optimized around the pain points and difficulties of cross-border e-commerce and offshore trade, and more secure and efficient cross-border payment and remittance services have been introduced. Innovative achievements such as API Banking were applied to the Lin-Gang Special Area.
- ◆ In terms of cross-border asset management services, combined with the construction goal of Shanghai International Financial Center, SPD Bank took the lead in launching exclusive services for the Assets Management Center and RMB trade financing platform.
- ◆ In the service of high-energy shipping, we provided a complete comprehensive financial service based on the shipping ecosystem, covering ports, shipping enterprises, aircraft and ship operations, shipping insurance, freight forwarders and other types of enterprises, helping to gather high-end shipping elements.



Establishment of “Zhu Chengbei Free Trade Innovation Laboratory”

Named after Zhu Chengbei, winner of Shanghai’s “May Day Labor Medal”, the laboratory has made innovations in terms of organizational structure and working mechanism, strengthened research and development of free-trade products, and turned innovative policies into financial products and service schemes close to market demand. At the same time, the laboratory is also responsible for the training of financial professionals in free trade and forward-looking research on related financial services.

Support the FTZ Development



SPD Bank took the lead in establishing Shanghai Free Trade Zone Branch in September 2013. It was the first to pass the inspection and acceptance of FTZ FT business (hereinafter referred to as FTZ FT business) and was the first in the industry to realize full coverage of FT business to all outlets in the city. Participated in the supervision and innovation in the whole process, successively landing a number of free trade innovation businesses, with a total of 13 cases selected as “Financial Innovation Cases in Shanghai Pilot Free Trade Zone”. In January 2019, SPD Bank, as one of the first two pilot banks in Hainan Province, completed the replication of FT account system and brought into service. In December 2019, SPD Bank passed the replication and acceptance of FT account system in Shenzhen FTZ for the first time. By the end of 2019, SPD Bank’s free trade FT loan balance was 20.9 billion Yuan, with an average daily loan of 22.6 billion Yuan. Free Trade FT has a deposit balance of 41 billion Yuan and an average daily deposit of 38.4 billion Yuan. Its core business indicators ranks first among joint-stock banks and it has always maintained a leading position in the market.



In 2019, based on the original functions of online banking of the free trade account (FT account), SPD Bank took the lead in the development and launch of the “Continuous Quotation and Real-Time Transaction” function of small foreign exchange settlement and sale, greatly improving the convenience of FT customers in foreign exchange settlement and sale operation. Customers can realize online real-time transaction of FT foreign exchange settlement and sale through online banking, which has solved the problems that enterprises need to confirm transactions one by one through inquiry and the exchange rate needs to be re-determined due to the long transaction period, thus effectively improving the efficiency of business processing.



Soon after the State Council formally established the Shanghai Pilot Free Trade Zone Lin-Gang Special Area, SPD Bank issued the “Financial Services Plan for the Lin-Gang Special Area in the Shanghai Free Trade Zone”, providing customers in the Lin-Gang Special Area with the first batch of intra-area services such as cross-border payment facilitation for service trade, settlement and payment facilitation for capital account settlement, SPV cross-border settlement for financial leasing, cross-border two-way RMB cash pool for new retail enterprises in the artificial intelligence industry, trading agent for intra-area enterprises’ gold international board, and LPR interest rate swap under FT for intra-area enterprises.



After the State Council approved the establishment of the fifth batch of free trade zones in August 2019, SPD Bank actively engaged with the local administrative departments and regulatory agencies of the newly established free trade zones, submitted financial proposals for the free trade zones, prepared for the establishment of branches of the free trade zones, took the lead in introducing financial service schemes for new free trade zones, and provided various types of free trade financial services according to the business needs of enterprises in the zone, such as the first offshore direct loan service for enterprises in Yantai area of Shandong Free Trade Zone, and the first foreign bid guarantee service in Nanjing area of Jiangsu Free Trade Zone.

20.9 billion Yuan

Free trade FT loan balance

41 billion Yuan

Free trade FT deposit balance

ENHANCE THE CAPABILITY OF INCLUSIVE FINANCE



Photograph: Golden Flowers by Shi Jie, Nanjing Branch

Guided by customer needs, SPD Bank has responded positively to the call of the state, established inclusive financial support policies, committed itself to providing safe and convenient financing services for small and micro customers, and created a good ecological environment for bank-enterprise cooperation. In 2019, the goal of “Two Increases and Two Controls” in supervision was fully achieved. The increase in inclusive financial loans exceeded 30 billion Yuan, while both the non-performing rate and interest rate fell. During the year, 50 billion Yuan of small and micro enterprise loan financial bonds were issued, and all the funds raised will be used to support the development of small and micro enterprises.

We supported private small and micro enterprises to raise funds online and develop online 1+N business. Focused on business scenarios such as core enterprises, government platforms and industrial Internet platforms, we used advanced technologies such as the Internet and big data to build a small enterprise financial ecosystem. Based on multi-dimensional real data bases such as information flow, logistics and capital flow, we relied on an efficient digital business platform, aiming at the business pain points of core “1” small and micro enterprise customers upstream and downstream, innovative inclusive financial online products such as “e-Factoring”, “e-Account” and “e-Discount” to form an overall “1+n” financial online solution. We realized online service, standardized process, automatic decision-making, intelligent risk control, rapid online financing review and lending within a few seconds, greatly improving the efficiency of capital utilization and the level of supply chain management. SPD Bank’s Small and Micro Online Supply Chain Internet Loan Project has won the China Financial Information Network’s Pioneer List of Digital Inclusive Finance and the Outstanding Cases of Small and Micro Business Financial Services in 2018-2019.

We promoted the listing of enterprise sci-tech board. In coordination with the establishment of the sci-tech board, SPD Bank has taken the lead in launching the “Investment Bank Service Plan for Sci-tech Board Listing”, creating a four-in-one sci-tech innovation financial service system of “Commercial Bank + Investment Bank”, “domestic + overseas”, “Financing + Talent Pool + Technical library + Investment” and “Loans, Bonds, Equities and Capital” to provide comprehensive solutions for innovative sci-tech enterprises from start-up to maturity, from pre-listing to post-listing, from industrial development to merger and acquisition growth.

Our customers account for 15 of the first 25 listed companies. By the end of 2019, our

bank had 44 customers out of 70, and provided fund raising supervision for 18 listed company customers of sci-tech board, totaling 9.281 billion Yuan.

Provide Online Financing for Private Small and Micro Enterprises

“SPD Bank Quick Loan” & “SPD Bank Finger Point Loan”

In the area of small and micro business finance, “SPD Bank Quick Loan” has realized the service mode of “full process online, full automatic approval and full data management” for small and micro customers. By the end of 2019, it has provided loan support to more than 720,000 small and micro customers.

In the field of consumption finance, “SPD Bank Finger Point Loan” relies on new digital risk control technology and continuous innovation in anti-fraud, scenario and other aspects to directly hit users’ consumption finance pain points with a “fast, simple and convenient” online mode, providing online financing services to more than 13 million customers.

“SPDB e-Discount”

Customers apply through online banking self-service, the system approves online in seconds, and funds are credited to the account at top speed. By the end of 2019, we have served more than 1,300 small and micro customers with a cumulative amount of more than 5.5 billion Yuan, greatly improving the efficiency of discount business and enhancing customer experience.

Beijing Branch launched the “Online Financing System for Small and Micro Enterprises” and launched a variety of online financing project schemes suitable for different platforms and scenarios. By the end of 2019, more than 23 billion Yuan was provided for small and micro business owners.

Nanjing Branch launched the full-chain communication platform of “Full-Process Electronic Service for Start-up Enterprises in Jiangsu Province” to realize online, synchronous and inter-provincial operation of enterprises.

As of the end of February, Ningbo Branch provided “Small and Micro Enterprises Online Immediate Discount” service to more than 20 enterprises in 2020 with financial support of about 27.98 million Yuan. “Automatic Entry of Foreign Exchange into Accounts” services were provided for more than 100 enterprises, with a total amount equivalent to RMB 358 million Yuan.

China International Fund Management has cooperated with MYbank to launch the Yulibao innovation project, providing cash management value-added services to small and micro businesses, with more than 10 million users a year online. By the end of 2019, the scale reached 9.3 billion Yuan.

Promote the Construction of Social Credit System

In 2019, SPD Bank actively publicized the achievements and experiences of credit system construction and financing support for small and micro enterprises and private enterprises, organized branches across the country to carry out credit publicity activities in 2019, expanded credit knowledge publicity, and improved the public’s awareness of keeping promises. Institutions at all levels interacted with enterprises, communities and schools to deliver speeches, display the achievements of the construction of social credit system, designed and produced various simple daily necessities, advertisements and other publicity materials based on the needs of customers, and approached small and micro enterprises and private enterprises to publicize credit information. Through a series of activities, customers can feel the importance of credit management and improve their credit awareness.

ENVIRONMENT: ADDRESS CLIMATE CHALLENGES

GREEN FINANCE

226 billion Yuan

Green credit balance

337.1 billion Yuan

Financing balance in green finance sector

4,400

New energy buses put into operation in total

Over 88.5 billion Yuan

Green credit balance in Yangtze River Delta region

SPD Bank has always been committed to the development of green finance, strengthening the positive guidance of green business, giving special scale and special incentive support to green credit, guiding branches to speed up the delivery of green credit and support of green customers, and actively connecting with the construction of the national green finance reform and innovation experimental zone. We deepened the innovation of green financial products and tools such as green bonds and financial leasing, helped our peers in green financial business, supported China's low-carbon economy and green development, and built a low-carbon bank in China's financial industry. At the end of 2019, the balance of green credit reached 226 billion Yuan, and the balance of public financing in green finance including equities, bonds and loans reached 337.1 billion Yuan.

Support Green Industry in Yangtze River Delta

We actively supported the Yangtze River Delta green ecological construction and the intensive development of modern green industry. Relying on the restructuring and transformation and upgrading of the spatial pattern of the Yangtze River Delta urban agglomeration, priority was given to supporting projects such as energy conservation and environmental protection, urban greening and environmental governance in the region. By the end of 2019, SPD bank's green credit balance in the Yangtze River Delta region exceeded 88.5 billion Yuan.

Issue Overseas Green Bonds

In 2019, London Branch successfully completed the issuance and pricing of US\$ 300 million green bonds, which were officially listed on the London Stock Exchange on October 30. The theme of this green bond is "Low Carbon City", and the funds raised will be mainly invested in green assets such as clean transportation and green buildings in China's first-tier and second-tier cities. This is the first international green bond issued by SPD Bank and the first "Low Carbon City" theme green bond issued by China's commercial banks.

First Green Debt Financing Instrument in Green Finance Reform and Innovation Pilot Zone

In December 2019, the Huzhou Branch of Hangzhou Branch successfully issued the third green medium-term note of 2019

worth 520 million Yuan to Huzhou Investment Development Group Co., Ltd. The funds raised were mainly used for the construction of Huzhou green environmental protection projects.

Help Peer Banks' Green Financial Business

In 2019, SPD Bank participated in and co-sponsored the "Jiangsu Bank Corporation 2019 Green Financial Bond" to raise funds. It is the largest green financial debt in Jiangsu Province and is fully used for loans for green industry projects stipulated in the Catalogue of Green Bond Support Projects.

Green Traffic

In 2019, SPD Bank Leasing continued to use the supply chain leasing mode to provide bus operators with an industrial chain financial solution of "Financing + Material Financing Services". By the end of 2019, a total of 4,400 new energy buses have been put into operation, of which 548 new energy buses was replaced in Kunming, Fuzhou, Hengyang and other cities in 2019, with a total amount of about 450 million Yuan.

Water Pollution Control

Chongqing Branch deepened its cooperation with local environmental protection industry customers, providing accumulated financing of more than 1 billion Yuan to support the construction and operation of infrastructure facilities such as sewage treatment and water pollution prevention in Chongqing region, and effectively serve the local water pollution prevention and water quality assurance in the Yangtze River mainstream.

Nanjing Branch successively provided energy efficiency financing, clean energy financing, environmental protection finance, carbon finance, green equipment supply chain financing and other services in Nanjing, Taizhou and Xuzhou. As the lead bank of the syndicated loan for the Wunan sewage treatment project, it played an active role in improving the industrial sewage treatment rate, upgrading and reforming the reclaimed water treatment facilities, and preventing and controlling water pollution. The project was awarded the 2018 "Best Syndicated Loan Project" by Jiangsu Banking Industry.

Shanghai "Urban Mineral" Model Base

Shanghai Yanlongji Renewable Resources Utilization Co., Ltd. is the largest waste glass recycling enterprise in China and the only "urban mineral" model base engaged in waste glass recycling in the country. In order to change the difficult situation of waste glass recycling and disposal in the

country, the enterprise imported complete sets of optical sorting equipment from Germany. Due to the shortage of working capital faced by enterprises, SPD Bank provided working capital loans in a timely manner after realizing the actual situation of enterprises to support enterprises to fur-

ther serve the integrated region of Yangtze River Delta. At the same time, we helped enterprises to set up model base projects in many regions of the country, making greater contributions to China's environmental protection.

GREEN OPERATION

In 2019, SPD Bank further promoted green operation through energy-saving and environmental protection management and green procurement. On the one hand, we fully implemented classified management of domestic waste and have continued to do a good job in energy conservation and emission reduction of energy management projects in office buildings. On the other hand, we have embodied the green procurement policy in the centralized procurement system, and reasonably embodied the green procurement principle in the process of supplier sourcing and procurement implementation. On the premise of meeting the demand, we gave priority to purchasing and utilizing recyclable and refurbished products. We have continuously deepened the digital transformation, empowered various online businesses with fin-tech, and worked with customers and partners to continuously reduce the carbon footprint in the process of business development.

Green Building

For the new office building of Shenzhen Branch, we attached great importance to the health and environmental protection of office space and staff experience. Currently, the project has obtained LEED certification and WELL certification. Changsha Branch's new office building project has successively won awards such as Hunan Province Green Construction Project, National Construction Industry Green Construction Demonstration Project and China Construction Engineering Luban Award (National Quality Project).

Actively Promote Garbage Classification

Ningbo Branch organized the establishment of a garbage sorting leading group to push forward the garbage sorting work. Four-color garbage containers were uniformly provided in the business halls and office areas of all branches and sub-branches, and garbage was disposed of in a centralized and classified manner. All branches and sub-branches took the business outlets as the main positions and publicize the knowledge of garbage classification online and offline. A team of volunteers was formed to carry out green life activities in the community, attracting nearly 1,000 people to participate.

Strengthen Green Purchasing Management

AXA SPDB Investment Managers paid close attention to the fulfillment of suppliers' social responsibilities, and increases considerations on environmental protection, social ethics and public interests in traditional evaluation projects. We established a strict supplier prohibition and withdrawal mechanism. Introducing a number of green finance and responsible investment professional service organizations to provide professional services such as responsible investment and ESG evaluation.



Office Environment of Shenzhen Branch Headquarters

SOCIETY: CREATE SOCIAL VALUES

PROTECT THE RIGHTS AND INTERESTS OF CUSTOMERS

52

2019 Five-star Outlets of Civilized and Standardized Banking Services

99.57%

Customer evaluation satisfaction rate of customer service and remote banking center

SPD Bank follows a service-based approach and provides customers with “heart-warming service” around improving customer experience and adhering to the requirements of high-quality financial services. In the “2019 Top 100 Organizations with Advanced and Standardized Banking Services and Star-rated Outlets Compliance Evaluation Activities” organized by the China Banking Association, 4 outlets such as the First Business Department of SPD Bank won the “2019 Top 100 Organizations with Advanced and Standardized Banking Services” and 52 outlets such as Beijing Xuanwu Branch of SPD Bank won the “2019 Five-star Outlets with Advanced and Standardized Banking Services”.

By the end of 2019, the satisfaction rate based on counter service evaluators in all branches reached 99.27%, up 0.47 percentage points from the end of last year. The average waiting time at the customer counter is 8.4 minutes. The customer complaint rate was 0.31%, and was effectively controlled within 2%.

Enhance Customer Service Experience

Promoting the reshaping of the operation process. We actively optimized our account opening process, completed the addition and optimization of more than 20 processes such as SPD Bank’s account reservation process, improved the opening efficiency by 70%, and helped the continuous optimization of the business environment. In retail banking, we restructured the business processes of batch account opening, activation and distribution, and provide end-to-end services for enterprises and individuals. In the financial market, SPD Bank has taken the lead in initiating the construction of the “E-Alliance” system and restructuring the business process of valet derivatives, which marks the gradual change of the bank’s valet derivatives business from an offline manual and multi-post operation mode to an online all-process automated operation mode. In terms of inward remittance of foreign exchange business, we innovatively provided automatic notification, intelligent audit and immediate entry services for corporate foreign exchange remittance, thus improving the efficiency of enterprise customers in collecting foreign exchange. In terms of outward remittance, we focused

on the pain point of “difficult to fill out the form” of cross-border remittance, and launched “remittance by photographing” function of personal and corporate mobile banking.

Promoting Refinement of Operation. We led the construction of intelligent customer service with artificial intelligence. In February 2019, an intelligent voice customer service system for telephone banking was launched to provide scenario services such as business consultation, transaction navigation and product recommendation. In August 2019, SPD Bank launched an intelligent outbound call, using intelligent technologies to continuously expand application scenarios and enhance customer experience. At the same time, SPD Bank used big data technology to analyze customer behavior and business, making service and marketing more accurate and considerate. In addition, SPD Bank constructed the cross-border integration of “visible and invisible”, “online and offline”, “traditional and emerging”. Through many service channels such as telephone, WeChat, APP, online network and VTM, SPD Bank built a comprehensive financial service center integrating various services.

Customer service and remote banking center continued to improve customer service level. By the end of 2019, the telephone manual service has a cumulative connection rate of 91.03%, a cumulative service level of 83.92% for 20 seconds, and a customer evaluation satisfaction rate of 99.57%.

Strengthen the Protection of Consumer Rights and Interests

SPD Bank upgraded the customer complaint handling management system, realized real-time update and recorded the acceptance and processing information, revised the “SPD Bank 95528 Customer Service Hotline Customer Complaint Handling Management Measures” at the same time, and effectively protected the legitimate rights and interests of financial consumers. In strict accordance with the regulatory requirements, SPD Bank carried out the classification work of customer complaints and timely and accurate submission of financial consumer complaints statistics and classification data. In addition, through the “Voice of Customers” collection and evaluation feedback mechanism, customers’

Over 95%

Complaint handling satisfaction rate

Over 16 thousand

Publicity activities carried out in total

demands and expectations for the Bank’s products and services was quickly collected and evaluated, providing reference basis for business departments to enhance customer experience and satisfaction.

A new bank-wide consumer complaint management system was established, consolidating bank-wide consumer complaints into the unified management platform, carrying out multi-frequency normalized monitoring and analysis, and improving the standardization and standardization level of bank-wide complaint management. At the same time, the “Administrative Measures for Consumer Complaints of SPD Bank” was issued to clarify the work requirements for handling, statistical analysis, assessment and evaluation of consumer complaints across the bank, and to systematically standardize the management of consumer complaints in the bank.

In 2019, SPD Bank properly handled more than 246,000 consumer complaints, with complaint handling satisfaction exceeding 95%.

In terms of personal and property safety protection of customers, SPD Bank strengthened the construction of the anti-fraud system for transactions and protect the transaction risks of customers through abnormal transaction monitoring, account security lock and other measures. At the same time, SPD Bank developed value-added services for account security through the combination of commercial insurance and other methods, and introduced account security products with different periods and different security quotas to meet the needs of customers for the security of property and capital transactions.

We strengthened the protection of personal financial information, promoted the management of personal customer information, organized regular emergency drills according to business development, and regularly carried out special investigation on personal financial information protection. Mobile banking fully regulates the collection and application of personal customer information, strengthens the process management of personal customer information collection, protects the safety of personal customer information according to law, follows the principles of legality, legitimacy and necessity, and improves the integrity, consistency and flexibility of authorization. In terms of personal customer data, the collection, use, sharing and protection was authorized by the customer, and the authorization was completed after obtaining the

customer’s consent and signing the authorization terms.

We carried out various forms of consumer education activities. In 2019, SPD Bank’s various publicity programs such as telecommunication fraud and illegal fund-raising prevention reached more than 2 million people. We continued to carry out the “3.15” consumer rights protection education and publicity week, “popularize financial knowledge and hold on to the pocketbook activities,” popularize financial knowledge for all walks of life, “popularize financial knowledge for all months, strive to be a rational investor and a good financial netizen” activities, and the “National Network Security Publicity Week” series of activities and other concentrated education and special activities, carrying out a total of more than 16,000 concentrated publicity activities. A “Popularization of Financial Knowledge” column has been set up on the official WeChat. A number of popular science publicity articles have been published around hot issues such as QR code payment security, the new version of RMB, popular science on credit investigation, online shopping security, non-resident account opening guide, fund knowledge popular science and so on. Each article has about 13 million readers. The enhanced readability of publicity content boosted the learning interest of the audience and achieved good publicity results.

In terms of service for disadvantaged groups, the basic construction of accessibility service facilities for disadvantaged groups was continuously promoted in the business outlets construction to enhance the service experience of special groups. In particular, the proportion of business outlets with wheelchair ramps was increased in new business outlets. Service areas convenient for special groups, such as wheelchair rental, was planned in the best of a thousand, the best of a hundred and star-rated business outlets to provide all-round and detailed services for special groups. Mobile banking continues to iterate and improve application’s intelligent voice interaction function. Currently, it can support many common transactions such as full menu navigation, account inquiry, credit card bill inquiry and repayment, quick transfer, financial management and fund purchase, etc. Voice-based operation is enabled, and the operation convenience of special groups can be greatly improved by using artificial intelligence technology.

Wuhan Jiangxia Sub-branch Successfully Blocked Internet Loan Fraud

At 9: 00 a.m. on January 6, 2020, customer Wang came to Jiangxia Sub-Branch of Wuhan Branch to consult the staff on loan business. The customer said that he had recently applied for a consumer loan from Chaoyang Sub-Branch of Beijing Branch of SPD Bank and planned to pay a deposit of 4,000 Yuan as required by the other party. The business caused the staff to be highly alert, immediately reported the relevant situation to the sales department manager, and immediately started the emergency plan. After repeated communication, Wang finally revealed the incident clearly and asked the bank staff for help. The staff patiently introduced to him the “routine” of loan fraud and the basic common sense of preventing network fraud. Wang suddenly realized that he finally gave up the remittance and decided to report it to the police. He thanked the staff again and again for their carefulness and responsibility.



— Zhang Chuanshan, a member of Haikou Branch's poverty alleviation team in Baomei Village, Shilu Town, Changjiang County, popularized financial knowledge to villagers

Launch Migrant Workers' Wage Payment Supervision Platform

Liaocheng Sub-Branch of Jinan Branch successfully launched a monitoring platform for migrant workers' wage payment to provide high-quality and efficient financial services for migrant workers. The platform integrates a mature attendance system, an advanced capital supervision system and a wage distribution system, turning the cleaning and recovery of migrant workers' wages into timely prevention and dynamic supervision, forming a governance structure with complete systems, responsibility implementation and strong supervision, so that migrant workers no longer have to worry about their salary payment. Since the platform was launched, Liaocheng Sub-Branch has equipped professional management teams and opened a green service channel to ensure long-term professional services for migrant workers.



— Photograph: The Most Beautiful SPDB Staff by Zhang Huan, Nanjing Branch

PROVIDE HELP IN CAREER PLANNING OF EMPLOYEES

Adhere to the fair and square principle of employment

No distinction should be made between job seekers or employees based on age, sex, marital status, race, nationality, etc. Efforts should be made to build harmonious and stable labor relations and effectively protect the labor rights and interests of employees. Provide employees with market

competitive remuneration, pay all kinds of statutory insurance on time, and establish a systematic health protection system, including industrial injury insurance, supplementary medical insurance and supplementary pension insurance (annuity), etc.



Photograph: Sunset in Office by Han Zhou, Ningbo Branch —

137

Bank-wide training programs designed, developed and organized

8.69

million person-times

Trainees trained throughout 2019

Focus on Staff Career Planning

SPD Bank adheres to the talent concept of “pursue a people-centric approach to discover talent and put them at suitable positions”, pays attention to the growth of employees and strengthens the construction of talent echelon. Actively create a clear career path for employees, through three-dimensional and interactive career development mechanism, and phased and diversified training, employees can be promoted vertically and communicated horizontally. By the end of 2019, SPD Bank had organized and implemented more than 2,274 offline training programs and 168,000 employees. Relying on digital channels, 137 bank-wide training programs were designed, developed and organized, 2,500 digital curriculum resources were built throughout the year, and 8.69 million courses were learned throughout the year. We organized and implemented 50 live teaching sessions across the bank and instructed branches to organize and implement 10 live teaching sessions, with more than 85,000 employees participating. The total number of users of “SPD Bank University” APP is 53,690, covering all units of the Head Office, domestic branches, subsidiaries in Shanghai, and Hong Kong Branch.

SPD Bank has established and improved trade union organizations at all levels and gradually improved the construction of trade union organizations that meet the requirements of conglomeration management. In 2019, SPD Bank (Group) jointly administered 53 trade unions including branches, subsidiaries and headquarters directly under the head office. Trade unions at all levels played their roles and promoted

the establishment of a second-level employee congress system for the head office (at the group level) and tier-one branches (subsidiaries). At the same time, bank-wide labor competitions and innovation activities such as “keeping the bottom line, stabilizing internal control and building a model” was organized, including the 2019 labor competition for safe operation and striving for excellence, and the 2019 “X-Tech” outstanding scientific and technological innovation achievement evaluation of SPD Bank.

Employee Care

During the 109th “March 8th” International Women’s Day, the Women’s Working Committee of the Head Office took the lead and organized nearly 700 employees in Century Park to take part in the “Warm Spring Meet SPD Bank” walking event. Trade unions at all levels set up sports and recreational clubs to meet the diverse needs of employees and carried out activities such as fitness, learning and talent display, covering more than 50,000 employees at all levels. The bank-wide selection of “Staff Home” was carried out, and 58 grass-roots trade union units such as Shanghai Lujiazui Sub-branch were selected as the advanced staff home of SPD Bank. The trade union of Nanjing Branch, the trade union of Shanghai International Trust Co., Ltd., the trade union group of the General Office of Shanghai Branch and the trade union group of Credit Operation Department of Credit Card Center won the honorary title of “the (Small) Family of Employees in Shanghai Financial System”.



— Photograph: Run for Dreams, Run for Progress by Zhang Kun, Tianjin Branch

Staff Sports Meeting of SPD Bank

On the 26th anniversary of the establishment of SPD Bank, we held a staff sports meeting entitled “A Soaring China, An Advancing SPD Bank”. All domestic branches, some subsidiaries and departments of the head office organized 43 teams with a total of 8,000 participants. With sweat and passion, the athletes of SPD Bank interpreted the spirit of “Strive with one heart” and also conveyed the vitality and high spirit of loving work and physical exercise.



Women's Sprint Race



Photograph: A Big Leap to Glory by Pan Sheng, Hefei Branch



Volunteers of Beijing Branch launched volunteers' day activity at Beijing Guang'ai School

“Love Echoes-Relief Plan for Children with Congenital Hearing Impairment”

In 2019, SPD Bank issued two rounds of “Echo of Love-Relief Plan for Children with Congenital Hearing Impairment” public welfare financing. The total amount raised exceeded 480 million Yuan, with clients donating 252,299 Yuan, and the Bank same amount, bringing the total to 504,598 Yuan. The donation funds was given to the Shanghai Baby Home Care Center for Sick Chil-

dren under the “Care for Orphans” project of Ai You Foundation to provide treatment support for children with congenital hearing impairment. The first aided child, Little Star, underwent cochlear implantation in Shanghai Children's Medical Center in August 2019 and has returned to his hometown Guiyang to receive language training.



“Run for Love”

On June 22, 2019, Beijing Branch held the 2019 “Run for Love”-a large-scale public welfare activity in Beijing Olympic Forest Park. In cooperation with Cherished Dream China Education Foundation, the activity gave donation to Heping Primary School in Haidian District of Beijing to build a “SPDB Dream Center”, which will provide five-year literacy education courses for children upon completion.

Care for Children with Autism

On March 30, 2019, on the eve of World Autism Day, Qingdao Branch held “Children from Stars-Caring for Autistic Children Charity Art Exhibition”. In April, Qingdao Branch jointly organized a series of “Care for Autistic Children” public welfare activities with Qingdao Women's and Chil-

dren's Hospital and Transportation Group, inviting more than 20 autistic children and their parents from the whole city to attend parent-child activities in Molly Fantasy Children's Park and present SPD Bank love gifts.

GET ACTIVELY INVOLVED IN PUBLIC WELFARE UNDERTAKINGS

In 2019, SPD Bank continued to innovate its public welfare practice mode, organize charity activities with rich themes and various forms, call on employees to actively participate in voluntary service, join hands with more loving people such as customers and partners, contribute to the harmonious development of society, and transmit the temperature and positive energy of SPD Bank.

SPD Bank's 13th Volunteers' Day

On January 4, 2020, the “13th Volunteers' Day” of SPD Bank was held everywhere. SPD Bank and World of Art Brut Culture have set up a special public welfare fund called “Dream Drawing” to carry out online and offline activities under the theme of “Draw Your Dream, Be The Star”. On December 19, 2019, SPD Bank Dream Card's “Dream Drawing” public welfare credit card and point donation activity were launched online, with a cumulative donation of 559,682.38 Yuan, which was used to provide free art therapy courses for people

with mental illness such as autistic children and cerebral palsy children. On January 4, 2020, the voluntary action of “One Painting for Ten Thousand People” was launched offline. The head office and tens of thousands of SPD volunteers from 41 tier-one branches and subsidiaries at home and abroad entered communities, poor villages and hope primary schools to create paintings together with children to build a platform for special children and children in difficulty to communicate with society.



Beijing Branch held “Run for Love” public welfare activities



On April 12, 2019, the “SPDB Dream Center” located in Daanshan Central Primary School in Fangshan District of Beijing was officially opened. The first dream course was taught by Ma Youlin of Beijing Branch to introduce the brand characteristics of SPD Bank and basic knowledge of RMB

APPENDIX

KEY PERFORMANCE INDICATORS

Table 1 Social and Economic Value Contribution

Indicator name	Unit	2019	2018	2017
Total assets	billion Yuan	7,005.9	6,289.6	6,137.2
Total loans	billion Yuan	3,972.1	3,549.2	3,194.6
Operating income	billion Yuan	190.7	171.5	168.6
Staff costs	billion Yuan	27	24.6	23.3
Interest expense	billion Yuan	153.2	155.6	138.9
Tax amount	billion Yuan	33	30.1	30.6
Total donations	million Yuan	33.8697	10.1917	11.9066
Value of social contribution per share (by weighted average number of shares)	Yuan	9.22	9.02	8.60
Level 1 capital adequacy ratio	%	11.53	10.79	10.24
Provision coverage rate	%	133.73	154.88	132.44
Non-performing loan ratio	%	2.05	1.92	2.14

Note: ① The statistical caliber in Table 1 is the group caliber.
② The statistical caliber in Tables 29 and 1119 refer to the parent company caliber(including overseas branches).
③ The statistical caliber in Table 10 is the head office caliber.
④ Total amount to outside: The source of funds only refers to the administrative allocation of the whole bank, excluding other sources of funds such as employee donations.
⑤ Value of social contribution per share: In the calculation formula of this indicator, except that the total public welfare investment is the amount of donations made by the Bank level of SPD Bank to outside, the other indicators are all financial indicator data at the consolidated level of the SPD Bank Group.

Table 2 Statistics on Professional Ethics, Anti-corruption and Learning Education

Indicator name	Indicator unit	2019	2018	2017
Number of anti-money laundering trainings	sessions	350	590	330
Large-sum transaction report submitted	million	11	12	10
Suspicious transaction reports submitted	thousand	162	140	152

Table 3 Statistics of International Business Development

Indicator name	2019	2018	2017
Overseas institutions (number)	3	3	3
Total assets of overseas institutions (billion USD)	27.871	24.614	21.119
Balance of cross-border RMB settlement business (billion Yuan)	376	158.499	172.655
Cross-border RMB settlement business volume (transactions)	87,347	38,946	31,908

Table 4 Statistics on Services for Small and Micro Enterprises

Indicator name	Indicator unit	2019	2018	2017
Loan balance of small and micro enterprises	billion Yuan	387.13	359.131	355.493
Number of specialized financial services institutions for Small Enterprises	Number	38	37	37

Note: ① The indicators in this table are adjusted from “Micro-, small and medium-sized businesses loan balance” in previous years to “Small and micro enterprises loan balance”, and the data in previous years have been updated accordingly.
② Balance of loans for small and micro enterprises: Excluding balances related to credit card centers, overseas branches and offshore businesses.

Table 5 Statistics on Services for “Agriculture, Countryside and Farmers”

Indicator name	Indicator unit	2019	2018	2017
Total balance of agricultural loans	billion Yuan	344.903	352.642	378.818
Proportion of agricultural loans to total loans	%	8.9	10.15	12.13

Table 6 Statistics on Green Credit (in billion Yuan)

Indicator name	2019	2018	2017
1. Green agriculture development project	9.536	10.539	9.348
2. Green forestry development project	6.391	4.904	1.64
3. Industrial energy saving, water saving and environmental protection projects	20.873	20.793	16.068
4. Natural protection, ecological restoration and disaster prevention and control projects	17.358	14.438	11.728
5. Resource recycling project	12.653	11.038	9.751
6. Garbage treatment and pollution prevention project	21.329	14.644	10.768
7. Renewable energy and clean energy project	23.570	22.576	17.904
7.1 Solar energy project	6.311	5.676	3.666
7.2 Wind power project	4.247	2.933	3.229
7.3 Biomass energy project	0.677	0.463	0.808
7.4 Hydroelectric power project	3.789	4.703	5.757
7.5 Other renewable energy and clean energy projects	8.359	8.370	4.255
7.6 Smart grid project	0.187	0.432	0.190
8. Rural and urban water projects	13.396	15.662	15.074
8.1 Rural drinking water safety project	0.996	1.276	0.984
8.2 Small-scale farmland water conservancy facilities construction project	0.87	1.696	1.31
8.3 Urban water saving project	11.53	12.69	12.781
9. Building energy conservation and green building	36.804	40.301	33.426
9.1 Green reconstruction project of existing buildings	5.264	7.802	8.076
9.2 Green building development, construction, operation and maintenance project	31.539	32.499	25.350
10. Green transportation project	56.118	54.259	46.291
10.1 Railway transportation project	18.713	13.218	6.092
10.2 Waterway regulation and ship purchase project	4.466	3.743	5.285
10.3 Urban public transport project	23.998	25.572	24.674
10.3.1 Urban public bus and tram passenger transport project	5.288	4.250	2.750
10.3.2 Urban rail transit project	18.71	21.323	21.925
10.4 Environmental protection projects for transportation	8.940	11.726	10.240
11. Energy conservation and environmental protection services	8.024	8.361	9.371
11.1 Energy saving services	2.650	2.109	1.966
11.2 Environmental protection services	3.961	3.645	4.477
11.3 Water saving services	1.410	2.284	2.699
11.4 Circular economy (resource recycling) services	0.003	0.323	0.229
13. Total	226.053	217.515	181.369
14. EIA rate of loan projects	100%	100%	100%

Note: ① The balance of green credit is disclosed according to the “Green Credit Guidelines” of the former CBRC.
② Green credit balance: Excluding green credit balance related to credit card centers, overseas branches and offshore businesses.
③ EIA rate of loan projects: Excluding green loan EIA projects related to credit card centers, overseas branches and offshore businesses.

Table 7 Statistics on Stock and Exit of High Energy Consumption and Pollution Industries (billion Yuan)

High energy consumption and high pollution industry	Stock at the end of 2019	Stock Withdrawal of 2019	Stock at the end of 2018	Stock at the end of 2018
Non-metallic mineral products industry (cement, etc.)	13.139	2.497	8.517	9.153
Smelting and calendering of ferrous metals (steel, etc.)	19.104	9.904	21.711	23.246
Chemical raw materials and chemicals manufacturing industry	38.795	9.166	32.43	37.017
Smelting and calendering of non-ferrous metals (aluminum industry, etc.)	17.472	6.607	19.354	13.563
Total	88.51	28.174	82.013	82.98

Note: Withdrawal of high energy consumption and high pollution industries at the end of the year: Excluding statistics on credit card centers, overseas branches and offshore businesses.

Table 8 Statistics of Loans in Industries with Excess Capacity

Industry	Project	2019	2018	2017
Steel	Loan Balance (10,000 Yuan)	1,910,398	2,171,143	2,324,573
	Percentage of total loan balance (%)	0.49%	0.62%	0.74%
Cement	Loan Balance (10,000 Yuan)	1,313,947	851,748	915,305
	Percentage of total loan balance (%)	0.34%	0.25%	0.29%
Flat glass	Loan Balance (10,000 Yuan)	6,829	10,400	7,610
	Percentage of total loan balance (%)	0.00%	0.00%	0.00%
Calcium carbide from coal chemical industry	Loan Balance (10,000 Yuan)	208,168	254,900	293,576
	Percentage of total loan balance (%)	0.05%	0.07%	0.09%
Shipbuilding	Loan Balance (10,000 Yuan)	73,783	73,557	155,233
	Percentage of total loan balance (%)	0.02%	0.02%	0.05%
Total	Loan Balance (10,000 Yuan)	3,513,125	3,361,748	3,696,297
	Percentage of total loan balance (%)	0.91%	0.97%	1.18%

Table 9 Statistics of Energy Consumption

Year	Office water consumption (10,000 tons)	Office electricity consumption (10,000 kWh)	Consumption of petrol for official vehicles (10,000 liters)	Manifold paper procurement (Packs)
2019	14.64	3,754.17	5.43	8,630
2018	14.77	4,294.25	5.07	9,281
2017	16.04	4,351.41	7.21	8,235

Note: ① Office water consumption: Including the office water consumption of the Bund Headquarters Building, Dongyin Building, SPD Bank Information Center and Zhangjiang Operation Center.
② Office power consumption: Including the office power consumption of the Bund Headquarters Building, Dongyin Building, SPD Bank Information Center and Zhangjiang Operation Center.
③ Manifold paper procurement volume: Including manifold paper procurement volume of Bund Headquarters Building, Dongyin Building, SPD Bank Information Center, Yashi Building and Zhangjiang Operation Center.

Table 10 Statistics of Digital Meetings

Meeting type	Number of meetings
Videophone conference	4,898
Important executive meetings	41
Regular local meetings	1,004
Online video invigilation	42
System exercise and launch	7
Total	5,992

Table 11 Proportion of Credit Card Electronic Bills

Year	Total annual bills (copies)	Electronic bills (copies)	Proportion of electronic bills (%)
2019	281,134,859	277,563,480	98.73%
2018	234,020,994	221,608,888	94.70%
2017	168,977,297	149,983,275	88.76%

Table 12 Credit Card Complaint Rate and Satisfaction Rate

Year	Complaint rate%	Satisfaction rate%
2019	0.03%	98.50%
2018	0.07%	99.15%
2017	0.10%	93.03%

Table 13 Service Channel Construction

Indicator name	Indicator Unit	2019	2018	2017
Business outlets	(number)	1,606	1,693	1,799
New business outlets	(number)	- 87	- 106	- 44
Business outlets renovated in that year	(number)	276	407	66
ATM, foreign currency exchange machine, VTM and other self-service facilities	(number)	9,580	9,971	10,640
Rural outlets (including the number of community banks)	(number)	172 (52)	170 (59)	189 (64)
Community financial service points (Community sub-branches, small and micro sub-branches)	(number)	490	579	672

Table 14 Information on Electronic Banking

Service classification	Transaction scale (million transactions)	Environmental benefits (approximately equal to)		
		Planted trees (K)	CO2 Emission Reduction (Tons)	Quantity of paper reduced (Tons)
Online banking	450 (individual)	467.7	6,550.92	26,367.28
Mobile banking	1,520 (individual)			

Indicator	Unit	2019	2018	2017
Replacement rate of transaction volume in electronic channels	%	98.98	98.12	95.87

Note: Replacement Rate of Transaction Volume in Electronic Channels: Excluding the number of transactions completed in overseas branches, offshore businesses and the credit card center SPDB Credit card software, and excluding the number of transactions completed by other banks on behalf of the Bank.

Table 15 Statistics of Customer Feedback from Customer Service Hotline

Indicator	2019	2018	2017
Cumulative numbers of Customer service center staff (persons)	743	692	711
Timely handling rate of customer complaints (%)	99.92%	99.94%	99.92%

Note: On-time handling rate of customer complaints: Excluding complaints through credit card centers, overseas branches and offshore businesses.

Table 16 Donations by SPD Bank Customers through Online Donation Platform

Year	Number of donations	Amount (thousand Yuan)
2019	76,375	851
2018	53,437	427.2
2017	55,426	290.3

Note: Statistics include individual customers and enterprise customers.

Table 17 Basic information of employees

Indicator	2019	2018	2017
Total number of employees	55,509	53,019	52,319
Labor contract signing rate	100%	100%	100%
Social insurance coverage rate	100%	100%	100%
Number of new employees	4,628	2,912	4,209
Number of female employees	28,991	27,924	27,474
Ratio of male to female employees	0.9:1	0.9:1	0.9:1
Proportion of female managers (direct management)	20%	22%	23%
Ethnic minorities	1,805	1,682	1,942
Bachelor degree or above	44,019	41,916	41,895
College degree	11,490	11,103	10,424
Overseas employees	349	300	257
Employee medical examination coverage rate	100%	100%	100%
Staff turnover rate	5.8%	7.9%	6.9%
Employee satisfaction	>80%	>80%	>80%
Number of paid vacation days per employee	According to national regulations	According to national regulations	According to national regulations

Table 18 Staff Training

Year	Number of training programs (sessions)	Number of training sessions (person-times)	Expenditure (million Yuan)	Per capita expenditure (Yuan)	Number of training days per capita (days)
2019	2,471	8,856,344	114.43	2,121.28	62 (6 hours/day, same below)
2018	1,583	7,950,000	102.23	1,929.00	39
2017	1,381	2,900,000	112.00	2,154.00	30

Note: Staff training expenses: Excluding staff training expenses related to credit card centers, overseas branches and offshore businesses.

Table 19 Statistics on Protection of Staff Rights and Interests

Indicator	Indicator Unit	2019	2018	2017
Trade union coverage	%	100	100	100
The establishment rate of the workers' congress	%	98	98	98
Amount of disaster relief	Thousand Yuan	162.1	22.1	79
Amount of medical assistance	Thousand Yuan	2,950	6,260	4,410
Amount of living assistance	Thousand Yuan	8,540	10,970	11,490

INDEPENDENT ASSURANCE REPORT

Shanghai Pudong Development Bank Co., Ltd.

Corporate Social Responsibility Report
For the year ended 31 December 2019
Independent Limited Assurance Report on the Selected Key Data

Independent Limited Assurance Report

To the Board of Directors of Shanghai Pudong Development Bank Co., Ltd.

We have been engaged by the board of directors of Shanghai Pudong Development Bank Co., Ltd. (the “Bank”), to perform a limited assurance engagement on the selected 2019 key data as defined below in the Bank’s 2019 Corporate Social Responsibility Report (“CSR Report”).

I. Selected key data

The selected key data in the Bank’s 2019 CSR Report that is covered by this report is as follows:

- Loan balance of small and micro enterprises (in RMB 100 million)
- Rate of customer complaints handled in a timely manner (%)
- Total expenditure on employee training (in RMB 10,000)
- External donations (in RMB 10,000)
- Green credit balance (in RMB 100 million)
- Exit from high-energy consuming and high-pollution industries (in RMB 100 million)
- Rate of digital trading volume over total trading volume (%)
- Rate of environmental assessment for loan projects (%)
- Number of new outlets
- Use of video conferencing
- Social contribution value per share
- Office water consumption (in 10,000 t)
- Office power consumption (in 10,000 kW·h)
- Quantity of photocopier paper purchased (in bag)

Our assurance was with respect to the year ended 31 December 2018 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2018 CSR Report.

Independent Limited Assurance Report

II. Criteria

The criteria used by the Bank to prepare the selected key data in the 2019 CSR Report are set out in the definitions of the key data (the “basis of reporting”) in Appendix I of this assurance report.

III. The Board of Directors’ Responsibilities

The Board of Directors is responsible for preparing the selected key data in the 2019 CSR Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2019 CSR Report that is free from material misstatement, whether due to fraud or error.

IV. Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm complies with the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

V. Practitioner’s Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2019 CSR report based on our work.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform our work to form the conclusion.

Independent Limited Assurance Report

VI. Summary of implementation

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank’s 2019 selected key data in the 2019 CSR report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2019 CSR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. These procedures include:

- (1)Interview relevant departments of the Bank involved in providing information for the selected key data within the CSR Report, and inquire about the process of key data collection and the relevant system or manual access logic and methods;
- (2)Perform analytical procedures on the selected key data;
- (3)Check the key financial data in the CSR Report against the accounting data to verify the consistency of relevant data;
- (4)Examine, on a test basis, documentary evidence relating to the selected key data on which we report, and check the sample information against the Bank’s relevant internal documents or relevant external regulatory public information; and
- (5)Recalculate the total amount or relevant indicator results of certain selected key data

VII. Inherent Limitation

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VIII. Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2019 selected key data in the 2019 CSR Report is not prepared, in all material respects, in accordance with the basis of reporting.

Independent Limited Assurance Report

IX. Restriction on Use

Our report has been prepared for and only for the board of directors of the Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

KPMG Huazhen LLP

Beijing, China

23 April 2020

PREPARATION BASIS OF KEY DATA

Loan balance of small and micro enterprises (in RMB 100 million): refers to the loan balance in regulatory statistics by Shanghai Pudong Development Bank Co., Ltd. (hereinafter referred to as “SPDB”) as of 31 December 2019, excluding the balance related to Credit Card Center, overseas branches and offshore business. Loan balance of small and micro enterprises includes loan balance of small enterprises and loan balance of micro enterprises. The classification criterion for small and micro enterprises is in line with *The Notice on Issuance of Classification Criterion for Medium and Small Enterprises* (GXBLQY [2011] No.300) published by the Ministry of Industry and Information Technology (MIIT), the National Bureau of Statistics of China (NBS), the National Development and Reform Commission (NDRC) and the Ministry of Finance.

Rate of customer complaints handled in a timely manner (%): refers to the percentage of complaints initiated in 2019 that SPDB filed and applied for extension within the specified time in accordance with the relevant management measures. The above-mentioned complaints refer only to the online complaints received by SPDB’s domestic branches and complaints received by designated customer service hotlines, but do not include complaints lodged through the Credit Card Center, overseas branches and offshore business.

Total expenditure on employee training (in RMB 10,000): refers to total expenses for internal training and web training organised in SPDB’s domestic branches and approved by the Human Resources Department in 2019, excluding employee training expenditure related to Credit Card Center, overseas branches and offshore business.

External donations (in RMB 10,000): refers to the amount of donation to public welfare and social development undertakings in the name of SPDB. Such donations only refer to the Bank’s administrative appropriations earmarked for donations, but do not include donations from employees.

Green credit balance (in RMB 100 million): refers to SPDB’s on-balance sheet balance of green credit as at the end of 2019. Green credit balance is defined in the *Notice of CBRC General Office on Submission of Green Credit Statistical Table* (YJBF [2013] No.185), but excludes the balance related to Credit Card Center, overseas branches and offshore business.

Exit from high energy consuming and high-pollution industries (in RMB 100 million): refers to the amount of residual loans exited as at late 2018 compared to the corresponding amount as at late 2019 with respect to clients in non-metallic mineral product industry, black metal smelting and rolling processing industry, chemical raw materials and chemical products manufacturing industry and non-ferrous metal smelting and rolling processing industry. in accordance with the SPDB’s industry classification of on-balance sheet loans, excluding the business related to Credit Card Center, overseas branches and offshore business.

Rate of digital trading volume over total trading volume (%): refers to the percentage of the successful trading volume through digital channels other than counter trading (including personal phone, personal online banking, corporate mobile banking, corporate online banking, self-service banking, telephone banking and POS machine) in the total volume of counter trading and digital trading channel in 2019. It does not include the Bank’s successful transactions conducted by overseas branches, offshore business, Credit Card Center’s Pudaxiben software and the transactions completed by other banks on behalf of the Bank.

Rate of environmental impact assessment (EIA) for loan projects (%): refers to the rate of the number of administrative permits related to EIA obtained in SPDB’s green credit loan projects by the end of 2019, excluding projects related to Credit Card Center, overseas branches and offshore business.

Number of new outlets: refers to the net changes in the number of SPDB’s domestic outlets in 2019. It is negative if the number of outlets decreases. Outlets refers to the number of branches and sub-branches approved by the regulator for opening, which include tier one and tier two branches and sub-branches, community sub-branches, SME sub-branches as well as the ones that have been approved but do not start operation.

Use of video conferencing (times): refers to the number of conferences between users of two or more locations, initiated by the head office using television and telephone.

Social contribution value per share: refers to incremental amount per share created for the society as a whole, which is the basic earnings per share created by the Bank for shareholders, plus tax revenues created by the Bank, wages paid to employees, loan interests paid to creditors and donations made by the Bank and other values created for other stakeholders in 2019. The calculation formula is: social contribution value per share = earnings per share + (taxes paid + employee expenses + interest expenditure + total amount of public welfare input)/weighted average equity. In this formula, except that the total amount of public welfare input is the external donations made by the Bank, the remaining indicators are the financial indicators at consolidated level of the SPDB Group.

Office water consumption (in 10,000 t): refers to annual tap water consumption at office areas of SPDB head office in 2019, including headquarters building in the Bund, Dongyin Building, SPDB Information Center and Zhangjiang Working Center.

Office Power Consumption (in 10,000 kW·h): refers to annual power consumption at office areas of SPDB head office in 2019, including headquarters building in the Bund, Dongyin Building, SPDB Information Center and Zhangjiang Working Center.

Quantity of photocopier paper purchased (in bag): refers to the quantity of photocopier paper purchased for office areas of SPDB head office in 2019, including headquarters building in the Bund, Dongyin Building, SPDB Information Center, Yashi Building and Zhangjiang Working Center.

GRI INDEX

No.	Global Reporting Initiative Organization Uniform Standards for Sustainable Development Reports (GRI Standards) Content	Remarks
102-1	Organization name	Cover
102-2	Activities, brands, products and services	See official website
102-3	Headquarters location	Notes to the report
102-4	Business location	Notes to the report
102-5	Ownership and legal form	See annual report
102-6	Market for services	See official website
102-7	Organization scale	See official website
102-8	Information about employees and other workers	See official website
102-14	Statement by senior decision makers	Chairman’s speech
102-15	Key impacts, risks and opportunities	Chairman’s speech
102-16	Values, principles, standards and codes of conduct	Concept of responsibility
102-18	Regulatory framework	Corporate governance
102-20	Responsibility of executive management for economic, environmental and social issues	Corporate governance
102-21	Consultations with stakeholders on economic, environmental and social issues	See official website
102-22	Composition of the supreme governing body and its committees	See annual report
102-23	Chairman of the supreme governing body	See annual report
102-26	The role of the supreme governing body in setting goals, values and strategies	Chairman’s speech
102-29	Identification and management of economic, environmental and social impacts	Corporate governance
102-30	Effect of risk management process	Risk and compliance
102-31	Review of economic, environmental and social issues	Corporate governance
102-32	Role of supreme governing body in sustainable development report	Corporate governance
102-33	Communication of important concerns	Corporate governance
102-34	Nature and total number of issues of major concern	Corporate governance
102-37	Stakeholder participation in the compensation determination process	See official website
102-40	a list of stakeholder groups	See official website
102-42	Identifying and selecting stakeholders	See official website
102-43	Stakeholder participation policy	See official website
102-44	Main issues and concerns raised	Concept of responsibility
102-46	Define the content of the report and the issue boundary.	Concept of responsibility
102-47	List of substantive issues	Concept of responsibility
102-49	Report changes	Notes to the report
102-50	Reporting period	Notes to the report

No.	Global Reporting Initiative Organization Uniform Standards for Sustainable Development Reports (GRI Standards) Content	Remarks
102-51	Date of latest report	Notes to the report
102-52	Reporting cycle	Notes to the report
102-53	Contact information that can answer questions related to the report	Notes to the report
102-55	GRI content index	GRI index
102-56	External verification	External verification
201-1	Economic value directly generated and allocated	Serve the Development of Real Economy
201-2	Financial impact of climate change and other risks and opportunities	Meeting the Climate Challenge
203-1	Infrastructure investment and supporting services	Serve the Development of Real Economy
203-2	Significant indirect economic impact	Creating Multiple Values
205-3	Confirmed corruption incidents and actions taken	See Regulatory Announcement
302-1	Energy consumption within the organization	Meeting the Climate Challenge
302-2	Energy consumption outside the organization	Meeting the Climate Challenge
302-4	Reduce energy consumption	Meeting the Climate Challenge
303-3	Water cycle and reuse	Meeting the Climate Challenge
305-1	Direct (Category 1) greenhouse gas emissions	Key performance
305-2	Energy indirect (Category 2) greenhouse gas emissions	Key performance
305-5	Greenhouse gas emission reduction	Key performance
307-1	Violation of environmental laws and regulations	None
308-1	New suppliers screened using environmental criteria	Meeting the Climate Challenge
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Creating Multiple Values
404-1	The average number of hours each employee receives training each year.	Creating Multiple Values
404-2	Staff skill upgrading scheme and transition assistance scheme	Creating Multiple Values
405-1	Governance institutions and diversification of staff	Creating Multiple Values
417-1	Requirements for product and service information and identification	Creating Multiple Values
417-2	Violations relating to product and service information and identification	See Regulatory Announcement
417-3	Violations relating to marketing	See Regulatory Announcement
418-1	Confirmed complaints related to invasion of customer privacy and loss of customer data	See Regulatory Announcement
419-1	Violation of laws and regulations in social and economic fields	None

FEEDBACK FROM READERS

Thanks for reading the *2019 SPD Bank Corporate Social Responsibility Report*. As the first commercial bank in China’s banking industry to issue corporate social responsibility report, this is the 15th consecutive report issued by SPD Bank.

In order to provide valuable information to you and other interested parties in a better way, promote the supervision on our social responsibility work and increase the ability and level of performing social responsibility, SPD Bank sincerely invites you to offer valuable comments and suggestions with regard to the report.

1. Your overall evaluation on corporate social responsibility report of SPD Bank:

☐Good ☐Relatively good ☐Average ☐Relatively bad ☐Bad

2. Your overall evaluation on SPD Bank’s performance of its economic, social and environmental responsibilities:

Economic: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

Social: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

Environmental: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

3. Do you think this report can reflect the influence of SPD Bank’s practice of social responsibility on the economy, society and environment?

☐Absolutely ☐Very well ☐Average ☐Not very well ☐No

4. What do you think about the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?

Clarity: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

Accuracy: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

Completeness: ☐ Good ☐ Relatively good ☐ Average ☐ Relatively bad ☐ Bad

5. Do you think the content arrangement and format design of this report is convenient for reading?

☐Yes ☐Average ☐No

6. Other comments and suggestions to SPD Bank’s social responsibility work and this report.